

COMMERCE

M A G A Z I N E

APRIL, 1949

25 CENTS



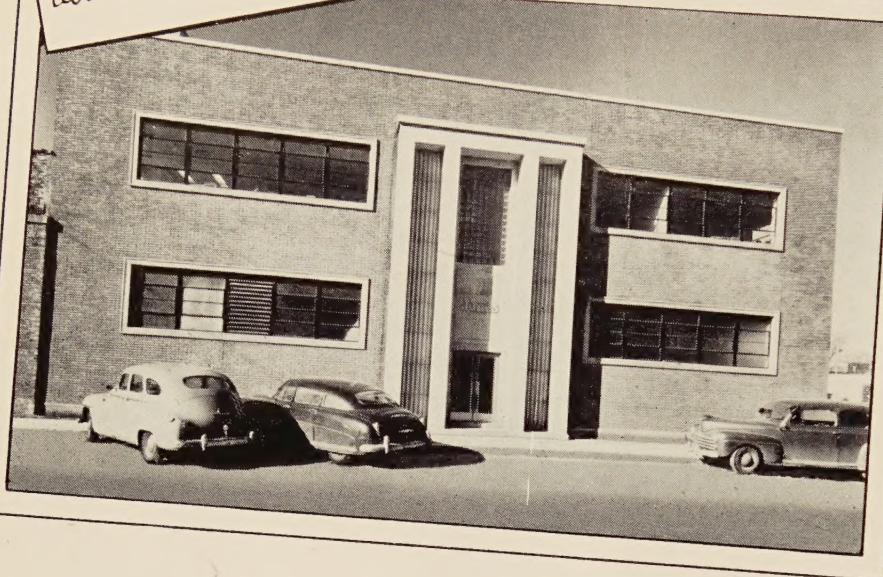
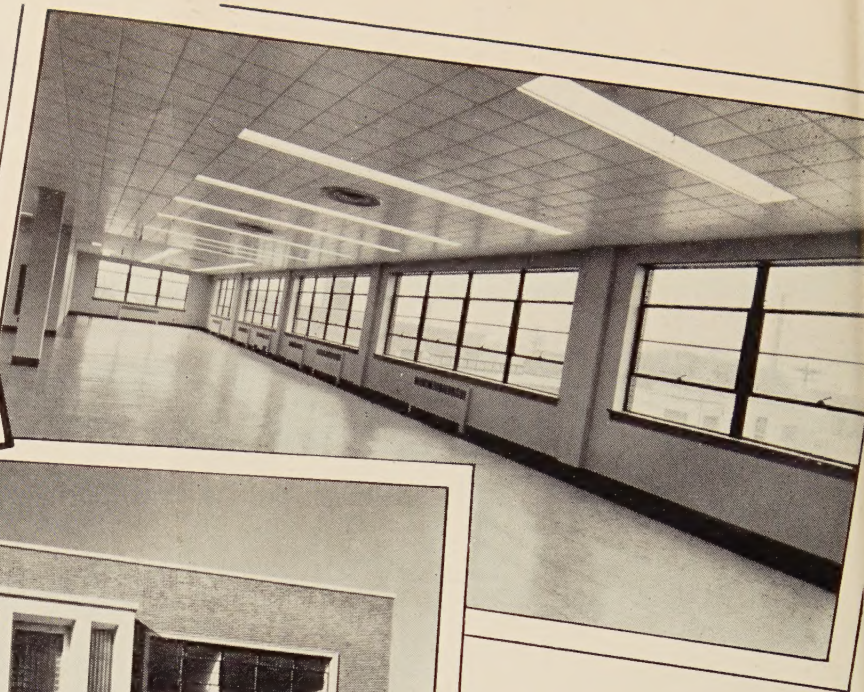
Ewing Galloway

Boulder Dam—big, awe-inspiring and costly. Where do such public works fit into Washington's depression planning?

"BOTH-WAYS-AT-ONCE" POLICY: EXPECT BOOM; PLAN FOR BUST—See Page 13

Memo

Fred—
these are views of the
W.A. Jones Foundry and
machine Co. office building
designed and built by Abell-
Howe. Let's talk to Abell-Howe
about our building J.C.



one talk with **ABELL-HOWE** can completely solve any Industrial Building Problem

Your industrial building problem ceases to be a problem when you talk it over with an Abell-Howe construction man. He takes your problem with him and brings back a practical, soundly conceived plan for a building that will meet your needs, serve you well and save you money. With the plan he will also deliver an accurate estimate of the complete cost of your building. You pay no fee for this designing-estimating service, and you incur no obligation by using it. You are free to accept, change or reject our plans as you see fit.

When you OK an Abell-Howe plan, and authorize us to build for you, the Abell-

Howe staff of designers, engineers, architects, specification writers, estimators and field superintendents assumes complete responsibility for the job of erecting a sound structure on schedule. Because of this undivided responsibility, there is no "passing the buck" on an Abell-Howe job, and your complete satisfaction is assured. You save time because you deal with one source, and you avoid haggling and coming to terms with several suppliers. You can finance your building more effectively because the original Abell-Howe estimate is always an accurate, dependable figure. Why not call in an Abell-Howe man and learn more about the advantages to be gained.



You will find a number of helpful ideas
in the 32-page Abell-Howe booklet,
"Industrial Construction." Ask for your copy.

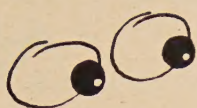
ABELL-HOWE COMPANY

ENGINEERS — CONTRACTORS — MANUFACTURERS

53 WEST JACKSON BLVD., CHICAGO 4, ILLINOIS • HARRISON 7-3383

INDUSTRIAL BUILDING CONSTRUCTION • CRANE RUNWAY BLDGS. • OVERHEAD CRANES AND HOISTS • MONORAIL SYSTEMS

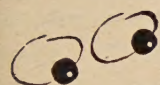
it's here!



Englewood's

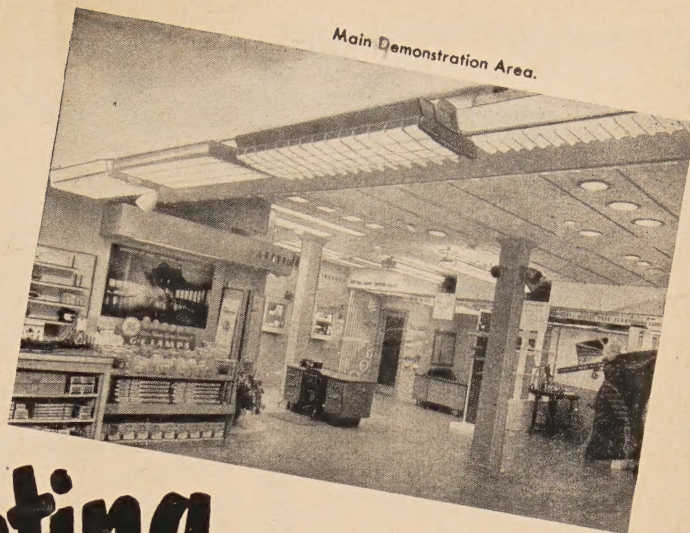
New

Planned Lighting Demonstration Room



FOR SIMPLIFIED SELECTION OF
PLANT, OFFICE AND HOME LIGHTING

You've read about it in the Chicagoland press. Now, at Englewood, you can **see** actual, **on-the-job** demonstrations of every conceivable type of scientific lighting available! All the guesswork has been taken out of selecting the most efficient and economical lighting for **every** purpose. There is nothing like it **anywhere**. Views of this remarkable room shown here can't begin to do it justice. You have to **see** it with your own eyes to appreciate Englewood's unprecedented contribution to modern planned lighting. It's **your** room to use — come over **now**.



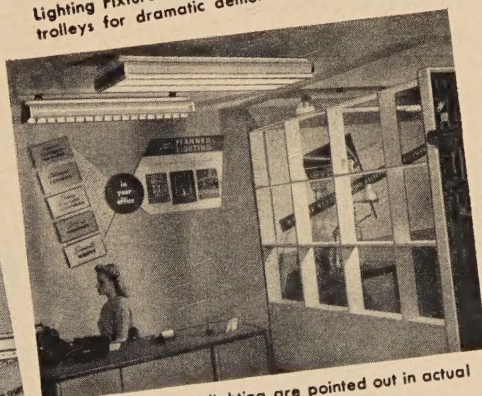
Main Demonstration Area.



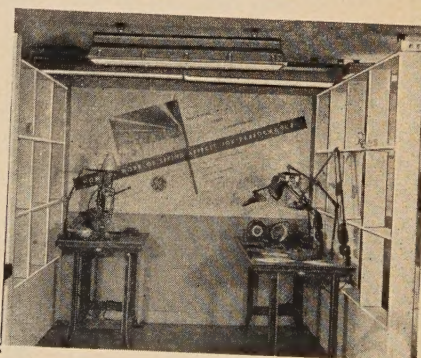
Lighting Fixtures are supported on electrified ceiling trolleys for dramatic demonstrating.



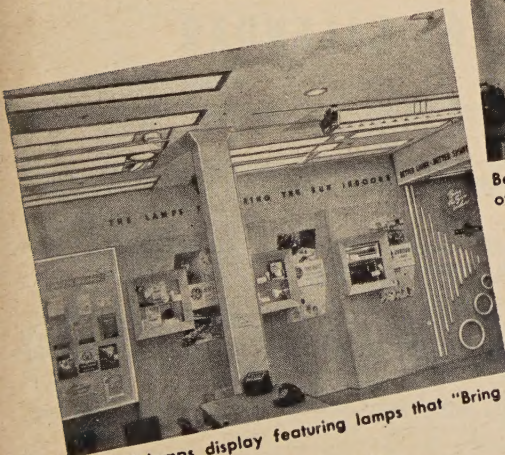
Model store front shows 6 types of window lighting. Planned Lighting for merchandise displays is demonstrated in store area.



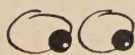
Benefits of planned lighting are pointed out in actual office set-up.



Efficient industrial lighting is shown under typical working conditions.



Special lamps display featuring lamps that "Bring the Sun Indoors".



You're Invited
to See It
TODAY!

EXCELLENCE IN ELECTRICAL PRODUCTS
Englewood
ELECTRICAL SUPPLY CO.

5801 SO. HALSTED ST. • CHICAGO 21, ILL.

Englewood 4-7500

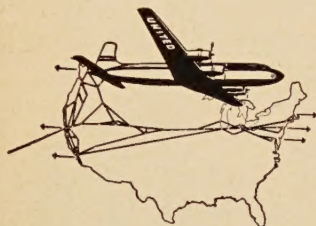
Illinois U Library

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United World Air Cargo makes shipping overseas fast, easy and inexpensive.

United's low rates allow you to sell more, *save* more, with United Air Freight. Call your United office or write:

UNITED AIR LINES

Cargo Sales Division, 5959 S. Cicero Ave., Chicago 38, Illinois.

STATISTICS OF CHICAGO BUSINESS

	February 1949	January 1949	February 1948
Building permits	206	367	22
Cost	\$8,067,500	\$6,600,400	\$8,018,700
Contracts awarded on building projects, Cook Co.	458	565	54
Cost	\$22,128,000	\$19,340,000	\$28,216,000
(F. W. Dodge Corp.)			
Real estate transfers	4,059	4,109	4,74
Consideration	\$3,830,550	\$4,086,929	\$5,578,86
Retailers' Occupation Tax collection, Cook Co.	\$7,245,498	\$10,030,172	\$7,255,31
Department store sales index (Federal Reserve Board) (Daily average 1935-39=100)	183.4	196.9	197.2
Bank Clearings	\$2,738,281,112	\$3,122,801,008	\$2,939,189,381
Bank debits to individual accounts:			
7th Federal Reserve District	\$13,386,293,000	\$16,057,721,000	\$14,109,298,000
Chicago only	\$6,779,890,000	\$8,282,638,000	\$7,449,095,000
Chicago Stock Exchange transactions:			
Number of shares, stocks	558,000	542,000	445,000
Market value of shares traded	\$12,965,140	\$16,304,019	\$12,716,814
Railway express shipments, Chicago area ..	1,301,263	1,345,572	1,750,153
Air express shipments, Chicago area	41,780	45,643	51,830
L. C. L. merchandise cars	22,371	22,788	27,587
Originating local telephone messages ..	161,868,519	173,420,258	163,381,503
Electric power production, kwh.	995,011,000	1,101,022,000	959,912,000
Revenue passengers carried by Chicago			
Transit Authority lines:			
Surface Division	60,160,304	65,099,702	68,508,342
Rapid Transit Division	13,530,445	14,661,187	15,075,599
Postal receipts	\$8,489,734	\$8,484,817	\$7,637,791
Air passengers:			
Arrivals	76,986	72,918	64,888
Departures	81,650	80,436	69,077
Consumers' Price Index (1935-39=100) ..	172.9	174.9	168.8
Live stock slaughtered under federal inspection	485,817	637,579	509,901
Families on relief rolls:			
Cook County	21,533	21,040	17,949
Other Illinois counties	18,965	17,721	16,656

1 - Preliminary figures.

MAY, 1949, TAX CALENDAR

Date Due	Tax	Returnable To
1	Renew city business licenses which expired April 30, 1949	City Collector
1	First installment of 1948 Real Estate taxes becomes delinquent and subject to 1% per month penalty thereafter	County Collector
1	Personal Property Tax for 1948 becomes delinquent and subject to 1% per month penalty thereafter	County Collector
1	File Illinois Capital Stock Tax return	Director of Revenue
15	Employers who withheld more than \$100 during previous month pay amount withheld to	Authorized Depository
15	Illinois Retailers' Occupational Tax return and payment for month of April	Director of Revenue
31	Federal Excise Tax return and payment due for April, 1949	Collector of Internal Revenue

COMMERCE

M A G A Z I N E

PUBLISHED SINCE 1904

BY THE CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY
1 NORTH LA SALLE STREET, CHICAGO 2 • FRANKLIN 2-7700

VOL. 46

NO. 3

APRIL, 1949

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Published monthly by The Chicago Association of Commerce and Industry, with offices at James and North Cook Streets, Barrington, Ill. and 1 North LaSalle Street, Chicago 2, Ill. Subscription rates: domestic \$2.00 a year; three years \$5.00; foreign \$3.00 a year; single copies 25 cents. Reentered as second class matter June 2, 1948, at the Post Office at Barrington, Ill., under the act of March 3, 1879. Copyright 1949, by the Chicago Association of Commerce and Industry. Reprint permission on request.

Executive and Editorial Offices: 1 North LaSalle St., Chicago, Telephone Franklin 2-7700. Night Telephone: Editorial, Franklin 2-7717; Advertising, Franklin 2-7711. Neither Commerce nor The Chicago Association of Commerce and Industry sponsors or is committed to the views expressed by authors.

POSTMASTERS ATTENTION: Change of address cards on Form 3578 should be sent to 1 North LaSalle Street, Chicago 2, Illinois.

In This Issue . . .

Nylon, woven into filmy stockings and lingerie, is one plastic that is usually identified with the female world. Not so today! Since the war, nylon has jumped from the boudoir to the assembly line where it is being molded into a widening variety of commercial products. Baby carriages with nylon bearings run smoother, and hammers with nylon heads do not mar, as J. D. Lawrence reports in "Nylon Without Glamour" (page 16).

One thing which Washington least expects is a depression. Nevertheless, government economists are deep into plans for supporting the economy if it should swing sharply downward. This policy of anticipating continued prosperity and planning for a possible bust has turned up several new ideas for "depression remedies" that are certain to create heated discussion throughout the business community. Joseph Slevin outlines them in an article beginning on page 13.

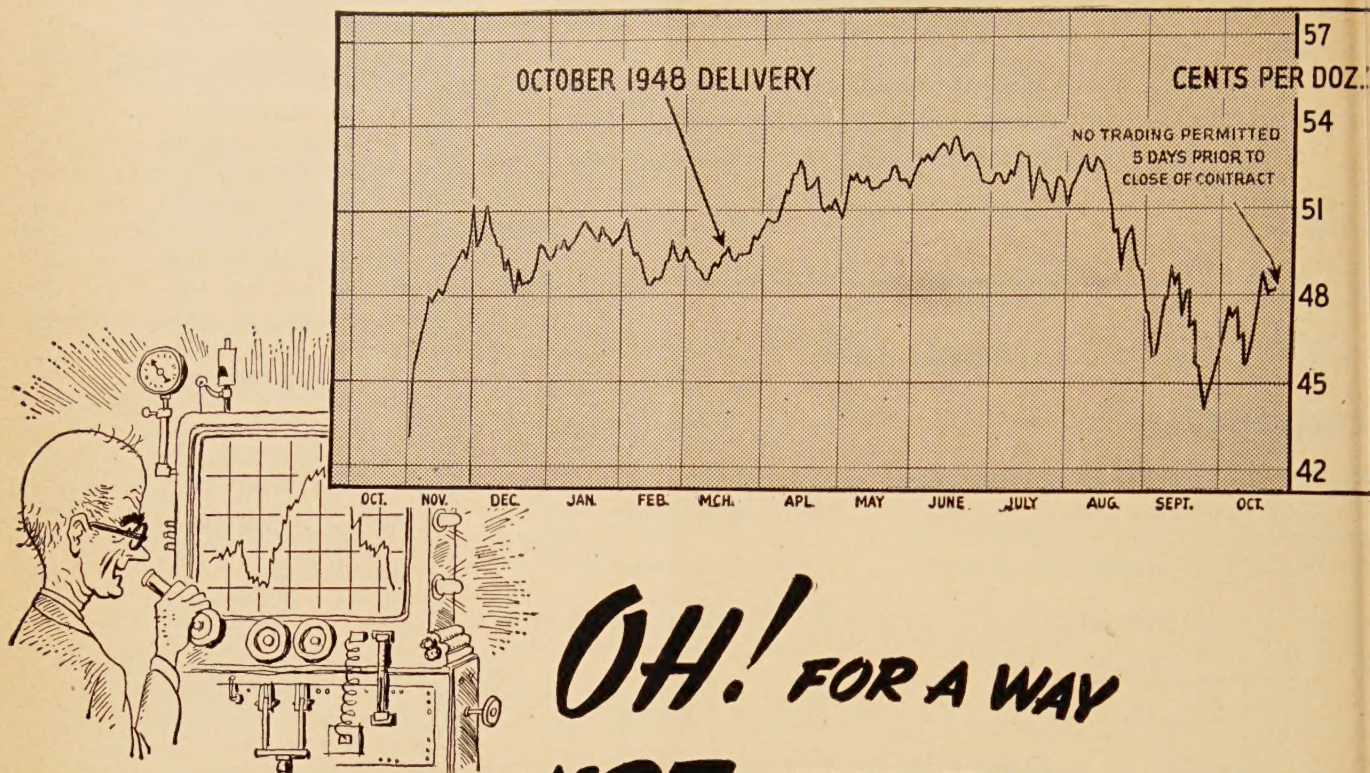
COMMERCE dislikes as much as anyone to look on the darker side of life, but facts are facts: the Internal Revenue people, whom we try to forget after March 15, are not forgetting us. This year, tax agents are giving individual returns their closest check ever, and chances are many people will have their returns questioned for the first time. An insight into what happens under these circumstances is presented in an article on page 19.

It is widely believed that only millionaires establish trust funds. Actually, banks and trust companies are now concentrating upon folks of far more modest means; one reason being there are few big fortunes left. The trend toward small trusts has some interesting implications reported on page 18.

An address by Commerce Secretary Charles Sawyer has been selected as COMMERCE's "Speech Of The Month." Insecurity, declares the Cabinet Member, "is the biggest barrier to world understanding." Fortunately, he adds, many American business concerns are helping to break down the insecurity barrier. The story appears on page 21.

One of a series of advertisements showing the benefits of future trading on the Chicago Mercantile Exchange.

DAILY CLOSING PRICES OF OCTOBER 1948 REFRIGERATOR EGG FUTURES (IN CAR LOAD LOTS OF 18,000 DOZEN)



**OH! FOR A WAY
TO TELEVISION THE FUTURE**

Thousands of men wish they could foresee the pattern of prices for October, 1949, delivery of eggs.

Maybe Dick Tracy can get Diet Smith to develop a television set that will look into and photograph the future. Then farmers, handlers and users will always know whether egg prices will go up or down in the coming year.

Meantime, there is no way but to depend on day to day news of developments that affect supply and demand.

For the trend of prices depends upon the combination of thousands of events which have not happened, upon Acts of God and the decisions of men which cannot be forecast.

The Chicago Mercantile Exchange maintains a carefully supervised open market place where the buyers and sellers of the nation can meet to trade in butter, eggs, apples, onions and other commodities.

This much is known. Beginning in February, the hens of this country will produce more eggs over a period of several

months than this country can currently consume. The surplus will be placed in refrigerated warehouses. The same will happen with butter, beginning in April or May. We now have onions and apples in warehouses, waiting for consumers to be ready to eat them.

How much are these foods worth? What will they be worth a year from now? That will be determined by the interplay of the forces of supply and demand on the floor of our Exchange. Sellers will try to get the highest possible price. Buyers will try to get the lowest price they can.

The aggregate effect of this trading, amounting to hundreds of millions of dollars in a year, is to maintain a continuous market, and to level out supply against demand for months ahead—one of the great price stabilizing forces for the nation. Without it, experience indicates that price fluctuations would be much wider.

Any member of the Chicago Mercantile Exchange will be glad to supply information about trading in futures to all interested.



FREE—Send for our new booklet, "Why We Have Butter, Eggs and Other Commodities When America Needs Them," which explains how the Chicago Mercantile Exchange functions and renders a service to the nation. ☐ Check if wanted.

For specific information on trading in commodities, such as contracts and specifications, please check those you are interested in.

☐ Apples ☐ Butter ☐ Eggs ☐ Onions

CM-4

CHICAGO MERCANTILE EXCHANGE

110 North Franklin Street

Chicago 6, Illinois

**THE NATION'S
MARKET PLACE
FOR EGGS, BUTTER AND
OTHER COMMODITIES**

The Editor's Page

■ Page King Solomon

WITHIN the next few weeks Congress will come face to face with the fiscal facts for the government's 1950 year. They will not be pleasant reading. They will show that for the first year since the end of war spending there must either be a reduction in expenditures or an increase in taxes if a deficit is to be avoided.

For the current fiscal year it now appears that there will be a surplus of less than a billion dollars. Looking into next year, the present slackening in the pace of business is expected to reduce tax collections while expenditures are slated to go up three or four billion dollars.

It will not be easy for Congress to approve tax increases of any kind. Business already is in a period of adjustment, with profits receding, and an increase in corporate taxes would have a further adverse effect. Although consumer income has been holding at record levels, spending has been much less free. A boost in personal taxes certainly would not help this situation.

On the spending side, Congress will face an equally difficult dilemma. Demands for foreign help and for the rearmament of Western Europe promise to be a bigger strain on the treasury than they have been in the current fiscal year. Domestically, all of the groups—the aged, the veterans, the farmers, the public housers, the military, the state and local governments, etc.—want more in federal largess, not less.

The net of all this seems to be that the day many people have been predicting has arrived. The budget finally is going to force Congress to face the issue and decide whether the majority of the voters—not the vocal pressure groups—want more government, more handouts and bigger taxes, or the reverse.

■ New Light On Housing

THE Chicago Metropolitan Home Builders Association has developed figures that indicate that the building industry is doing a better job of meeting the country's need for housing than some statistics would indicate. According to the Chicago organization, more living units were actually created through rehabilitating, remodeling and converting old buildings between 1940 and 1947 than were created by new building. The new building figures are, of course, the ones usually cited as a measure of the increase in family living quarters.

Figures of the United States Bureau of Labor Statistics show that 3,200,000 new homes and rental units were built in the United States between 1940 and

1947. The home builders group has determined from statistics of the United States Census Bureau that during the same period 3,600,000 living units were created by rehabilitating, remodeling or converting old structures. It also estimates 1,200,000 additional dwellings were provided last year, bringing to 8,000,000 the total number of new units for the 1940 to 1948 period.

New light has been thrown on another aspect of the housing situation by the national organization of home builders. This group has found from a survey that, despite all we hear of critical overcrowding, not more than 40 per cent of the 2,500,000 "doubled up" families in the country actually want separate living quarters.

Statistics such as these do not, of course, alter the fact that a housing shortage still exists. They do, however, show that private industry is making more progress in eliminating the shortage than is commonly supposed, a fact which seems to be confirmed by the slow down in the market for homes.

■ To Perpetuate Hoover Report

THE National Citizens Committee has just been formed to support "far reaching, enduring reforms in the federal government and work to give President Truman and Congress the encouragement of an informed public in modernizing the government." This organization, composed of more than 700 prominent citizens from all parts of the country, can perform a most useful function. Advance reports from Washington that preceded the announcement of the committee indicated that its principal purpose will be to keep the Hoover report alive.

The Hoover report represented one of the most extensive studies ever made of the efficiency of Uncle Sam's operations. It was not the first, however. And if history is any guide, the report, like many that preceded it, could easily slip into oblivion after the first burst of publicity attending its release.

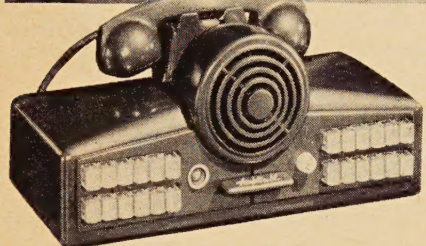
If the committee prevents this from happening it will be doing a monumental public service. The recommendations of the Hoover report are so far-reaching that even under the most favorable circumstances it will take years to put most of them into effect. Since the recommendations affect so many jobs and so many vested interests in government, the circumstances are not too favorable. The need for such an organization as the National Citizens Committee therefore, is real. Its job will not be easy and merits the support of everyone interested in seeing the federal government's operation modernized and streamlined.

Alan Study

B. F. GOODRICH USES

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Intercommunication to Make Every Working Minute Count



Businessmen everywhere know the time-saving value of good office and plant intercommunication. Mr. G. O. Fossen, Chicago District Manager of the B. F. Goodrich Co., says: "Ours is a busy organization in which rapid and efficient service is an important factor. We rate our new AMPLICALL System as an invaluable asset. It saves time, motion and energy in our office, warehouse and shipping areas."

You too, can make every working minute count in every branch of your business—with AMPLICALL—America's Finest Business Communication System. Get the full details today.

For installation, service and maintenance:



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1523 W. Fullerton Ave.
Chicago 14, Illinois
Lincoln 9-4321-7083

A Sound Engineer is available for consultation to plan your Public Address and Inter-communication systems without cost or obligation.

- ☐ Send complete details on the New AMPLICALL.
☐ Send your representative. No obligation.

Name.....

Company.....

Address.....

City.....State.....

HERE-THERE and EVERYWHERE

• **What Good's A Slogan?** — The Association of National Advertisers says there is no better attention-getting device than a good slogan, the trouble is, few slogans are good enough. What makes an outstanding one? It must, says the ANA, refer directly to the product, bring out some quality of the product and include the name of the product. Hoover Vacuum's "It Beats As It Sweeps, As It Cleans" follows two of these rules; Paris Garter's "No Metal Can Touch You" follows one; but "When Better Automobiles Are Built, Buick Will Build Them" rings the bell on all three counts.

• **No Pirates' Chests Yet** — A Connecticut company has begun harvesting oysters with a new mechanism that resembles, in a way, an outsize vacuum cleaner. The system involves a six foot dredge nozzle that sweeps along the ocean floor snatching up cultivated oysters by suction and propelling them, along with assorted other items, through a hose into the fishing vessel. The Goodrich suction hose has an added advantage: it also yanks up millions of snails that prey upon oysters, thus promising in time to eradicate these pests completely in growing beds.

• **"Fill'r Up" Still More** — One small businessman who should have no qualms about the future is your filling station owner. R. M. Bartlett, vice president of Gulf Oil Corporation, predicts that U. S. gasoline consumption this year will be up 6½ per cent over 1948 and, with more and more cars on the road, will hit a level 22 per cent higher by 1953. This means, the Gulf man adds, "an old-fashioned competitive battle" ahead for gasoline manufacturers.

• **Record-Keeping Aid** — The Parsons Paper Company of Holyoke,

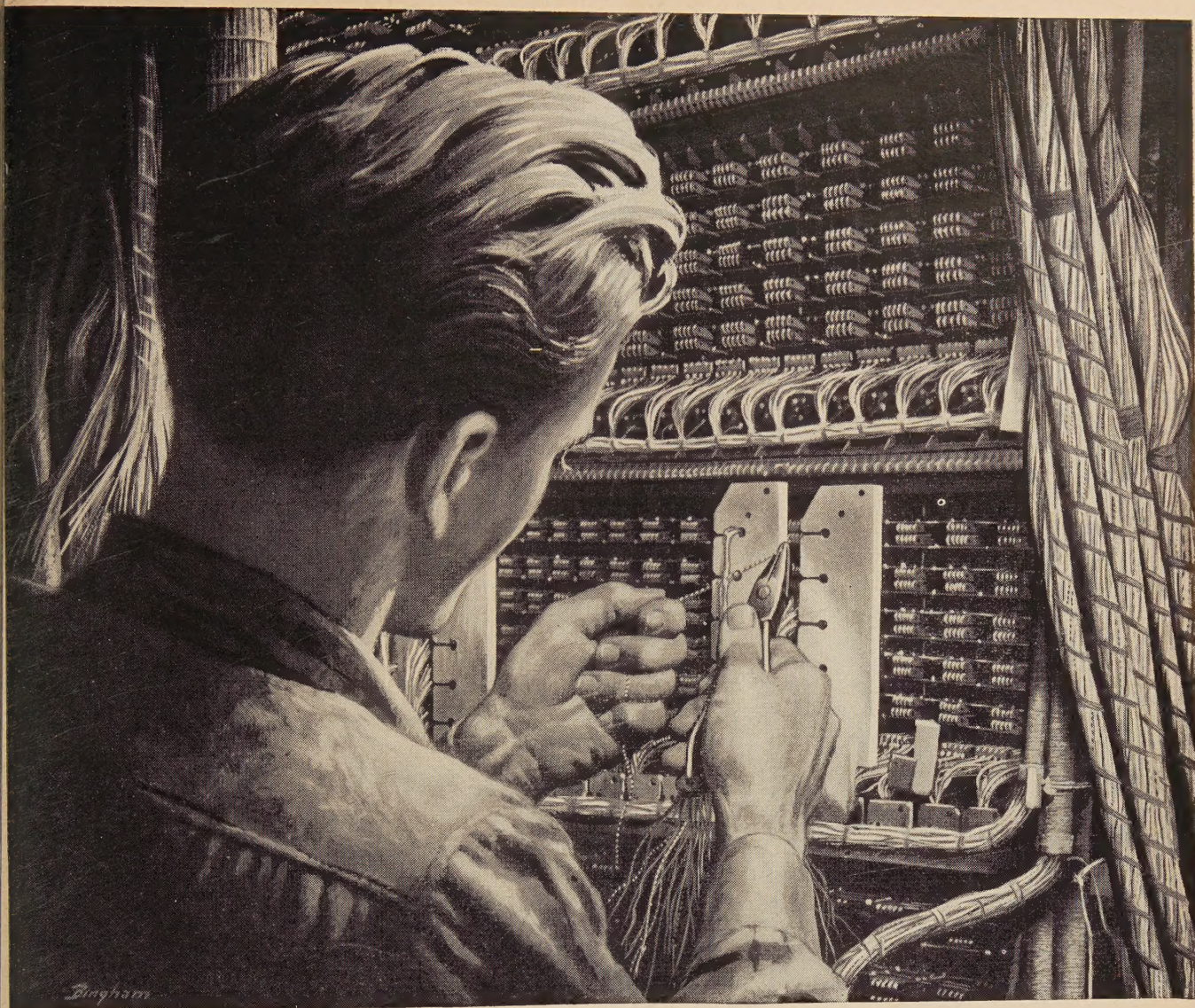
Mass., has published a booklet which explains that in selecting paper for long-life records, two factors should be considered: the length of time they must last and the number of times they will be handled. Briefly, any record to receive normal handling for 15 years or more should be on paper of 100 per cent new cotton; records to be kept 10 to 15 years demand paper of at least 75 per cent new cotton fibers; and records to be kept five years demand paper with at least 50 per cent new cotton fibers.

• **Gasoline Tax Hike?** — Several state governments may soon up the cost of pleasure and business driving. The National Highway Users Conference notes that 16 state legislatures have received bills proposing gasoline tax rate increases. Measures asking two-cent increases have been introduced in Indiana, Minnesota, North Dakota, Utah and Wyoming; for one cent increases in Massachusetts, Montana, Nebraska, New York, North Carolina, Oklahoma, Oregon and South Dakota; for a 1½ cent increase in Washington; and for a 1.3 cent increase in Michigan.

• **Accident Source** — After surveying more than 10,000 accidents involving trucks and other commercial vehicles, Lumbermens Mutual Casualty has found that improper backing is the most common cause of such accidents.

• **All-Vet Enterprise** — Chicago's newest radio station, WMOR, is one of the most unique stations anywhere. Before going on the air in March it was in the planning stages for over two years, the planners being a dozen veterans who came out of the war determined to launch their own radio enterprise. The new FM station, incorporated for \$100,000, is headed by a former

(Continued on page 34)



Young man with good connections

In a Bell telephone central office, this Western Electric installer is connecting thousands of wires to new equipment to provide more and better service.

Here's one of 18,000 trained Western Electric installers who do this job for Bell Telephone companies. Crews are working in some 1,600 central offices to connect new equipment

which, like your telephone, is made by Western Electric.

• Western Electric is part of the Bell System—has been since 1882. This assures closest cooperation between people who *design* telephone equipment, people who *make* it and people who *operate* it. Their teamwork has given this country the best telephone service on earth.

MANUFACTURER
of telephone apparatus for
the Bell System.

PURCHASER
of supplies for Bell
Telephone companies.

DISTRIBUTOR
of Bell telephone ap-
paratus and supplies.

INSTALLER
of Bell System central
office equipment.



Western Electric

A UNIT OF THE BELL



SYSTEM SINCE 1882



ELECTRONIC TUBES for INDUSTRY

FOR USE IN

- RESISTANCE WELDERS
- ELECTRONIC RECTIFIERS
- RF HEATERS, ETC.

COMPLETE STOCKS

TELEVISION, RADIO, AND
ELECTRONIC COMPONENTS
FOR INDUSTRY

- | | |
|----------------|----------------|
| • Condensers | • Meters |
| • Resistors | • Test Equip't |
| • Transformers | • Connectors |
| • Relays | • Controls |



*Radio and
Electronic Supplies*

WALKER-JIMIESON, INC.
311 S. WESTERN AVE., CHICAGO 12
PHONE: CANAL 2525

TRY THIS STOP-OVER

There's an attractive stopping place when your working days are over.

It is called Retirement Independence and it offers years of rest and recreation.

The stop-over privilege at this point along life's road can be yours —if you plan for it.

Prudential Life Insurance can be arranged for that purpose and our representative will be pleased to help you set up a complete program.



**THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA**

a mutual life insurance company
HOME OFFICE, NEWARK, N. J.
WESTERN HOME OFFICE,
LOS ANGELES, CALIF.



Trends in FINANCE and BUSINESS

April Business May Decide Long-Term Trend

This springtime month of April will be a significant one for business and the nation's economy generally. The first quarter has been highly unsettling for everyone. Some price-cutting, pronounced buyer resistance, layoffs and shut downs have shaken confidence and led many businessmen to fear that worse trouble lies ahead. Economists, of course, are divided in their outlook; some fear more inflation; some fear the first quarter sag may develop into a real slump. One thing seems certain: April should provide a strong hint as to what is actually ahead.

The National City Bank of New York believes, for one, that unless employment shows a "vigorous rise" this month and markets generally improve, encouraged partly by the traditional "Spring rise," business can expect "a fresh wave of hesitation and slackening." The bank, however, does not think a further downswing is likely. It believes the economy is fundamentally strong and liquid and that the April trend will be distinctly upward. Altogether too much emphasis, the bank adds, has been placed upon disconcerting economic influences and too little emphasis upon stabilizing influences.

"With people still receiving record-breaking incomes, the present slackening evidently is not due fundamentally to shrinkage of buying power," the bank declares, adding that it is more likely that consumer pipelines have filled and "psychological influences" have diminished the will to spend except for most urgent wants.

National City believes there are "virtual certainties . . . which argue against a downward spiral." One is government spending, "a counter to private deflation. Another is that

an important segment of business investment, such as the utility program, and of construction, including state and local government institutions, highways and the like, will go ahead under any conditions. . . . Still another is that the ECA program assures the country of an export surplus. Farm price supports, stockpiling of nonferrous metals and other strategic materials, unemployment compensation, and an easy money policy are all cushions supporting the economy during an adjustment period."

Finally, the bank declares, "not only is current income backed by an unprecedented volume of liquid assets, but there is no such structure of private debt and no such evidence of financial strain as has preceded past periods of general and severe liquidation."

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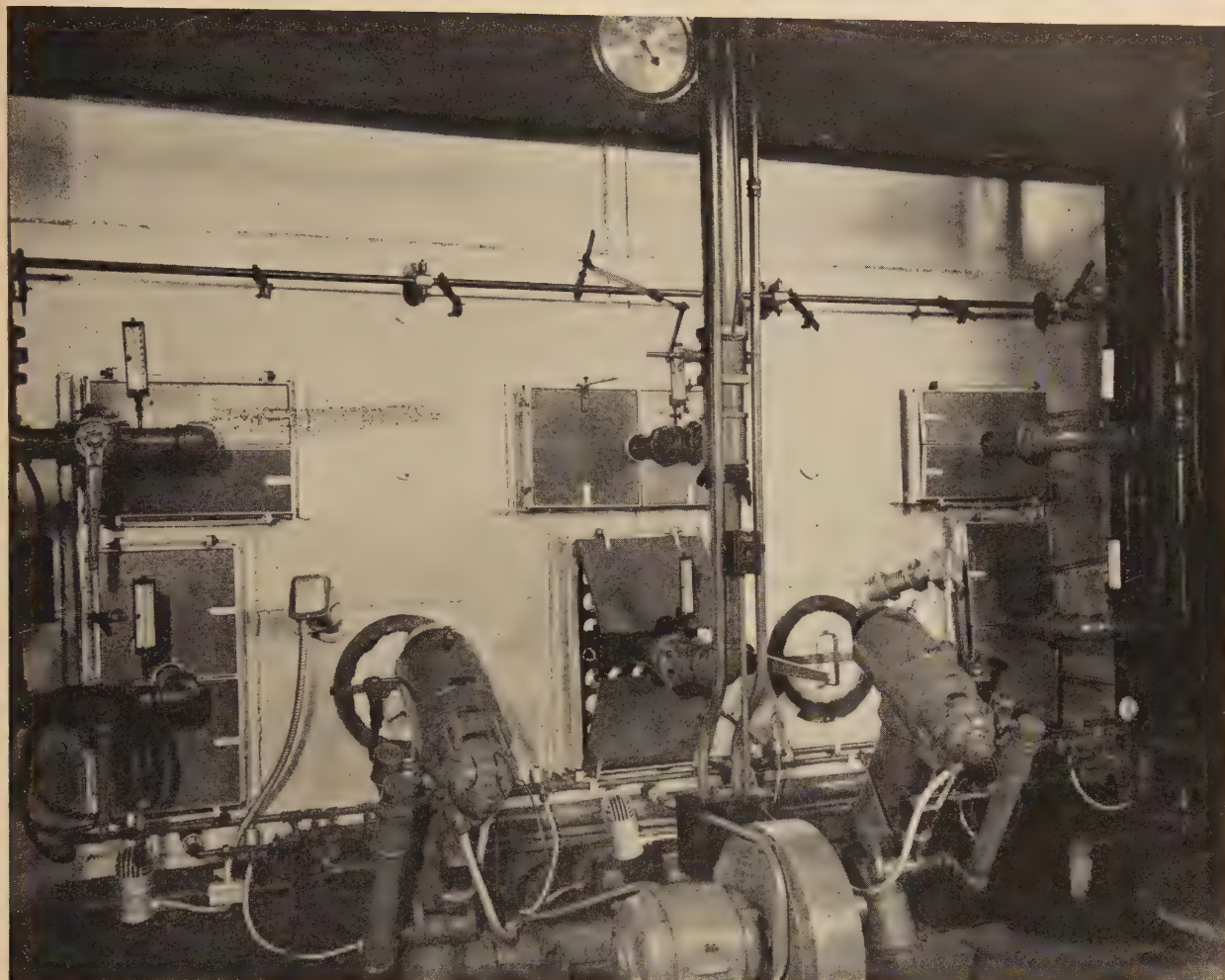
Whatever the outcome of today's economic "leveling-off," it has made the job seeker's lot somewhat harder, especially among white collar workers. A Northwestern National Life Insurance Company survey of private employment agencies reveals that there are from 10 to 300 per cent more job-seekers than a year ago, although for the most part the applicants are "below-standard" and thus are finding it harder to get work.

The biggest drop in employment demand has been for untrained and junior office help. For one thing, married women are back in the job market in greater volume than at any time since the war. Also, many companies have pruned out inefficient and listless workers and now will hire only the most competent applicants. Despite the overall increase in job seekers, the survey

(Continued on page 43)

THE USE OF *GAS* IN BUSINESS

NO. 6 OF A SERIES



Attractive oil-gas installation on a 350 H.P. Babcock & Wilcox boiler using Williams Bros. & Miller burners at the Garden City Brewery, Chicago, Illinois

Process steam for brewing must meet exacting demands. The success of the brew depends largely on a steady supply of heat in the large brewing kettles. Similarly, large volumes of steam at close temperature control are required for pasteurizing and bottle washing.

During the off-peak period, April 16 to October 15, Chicago breweries have found gas an ideal fuel for these various processes. Last season they used more gas for steam than a city of 50,000 uses in an entire year for all purposes.

THE PEOPLES GAS LIGHT AND COKE COMPANY



Ewing Galloway

A defective anti-depression weapon: public works far removed from urban unemployment

Washington Doesn't Expect A Depression But It's Planning... Just In Case

"Both-Ways-At-Once" Policy: Expect Boom; Plan For Bust

By JOSEPH SLEVIN

ONE of the simplest ways to become unpopular around the White House right now is to suggest that the Truman administration is drafting plans for pulling the country out of a depression. Not that the administration doesn't have such plans. It has; but it prefers not to talk about them. It has decided — with some degree of logic — that the best way to lick a depression is simply not have one.

The White House is giving priority to policies it hopes will keep this country poised on a pinnacle of full employment. The administration feels this is its first responsibility under the Employment Act of 1946, and that plans to halt a snowballing recession are of secondary consideration. For one thing, top government economists do not look for a serious recession any time soon.

A Roof and A Floor

Boiled down and freed of double-talk, what the administration really wants to do is put a roof over the economy and a floor under it. President Truman outlined this economic philosophy when he told Congress in January:

"The vigorous commitment by the government to an anti-inflation policy should not obscure the fact that the government is equally committed to an anti-depression policy. . . . When the economic situation has mixed elements, the government needs both anti-inflationary and anti-deflationary weapons so that it will be ready for either contingency. It may even be necessary to employ both types of measures concurrently in some combination . . ."

Critics of administration claim this both-ways-at-once philosophy is no more than an attempt to rationalize the administration's drive for

price control and allocation powers. Actually, it is much more than that, for it goes to the heart of the President's economic program.

The administration has already taken steps aimed at long range stabilization. It has urged Congress to approve programs designed to build stronger supports into the national economy. The theory is that these props will make stabilization easier and, if necessary, brake a downswing before it gets out of hand. Among other things, these White House measures call for liberalized old age insurance and public assistance programs, higher minimum wages, a revamped farm program and agricultural price supports.

Juggle Purse Strings

These could hardly be called bright new ideas for combatting a depression. But neither are most of the other anti-depression weapons the President's Council of Economic Advisers has been studying: easing federal taxes, stepping up public works spending by federal, state and local government, and the like.

The President's advisers believe, however, the government should act before a depression gets under way. They want to juggle the federal purse strings as the occasion demands, tighter here and looser there. For example, the administration decided last Fall to ask Congress on one hand to start a strapping public housing program, on the other to authorize — but not start — federal aid for the construction of medical, high and elementary schools.

Last January, the council called attention to the enormous need for schools, housing, health and community facilities, resource development and conservation, transportation and other public works. "With

careful timing," it declared, "these programs should be stepped up sufficiently so that adjustments in costs, prices and profits can be made on a strong underpinning which prevents adjustments from turning into a downswing."

Watch Title II

Now President Truman has added something new to these textbook remedies. Though Congress is not wholly aware of the fact, one of the most important and novel anti-depression measures is now before it. It is contained in Title II of the so-called Economic Stabilization Act of 1949 — the measure that would give Mr. Truman price control and allocation power.

If approved, Title II would authorize the President to lend federal funds to private industries and to state and local governments for new plants and equipment whenever he decides that any industry is not expanding rapidly enough to meet the country's needs. The chief executive could, for example, conclude that automobile production is lagging because of a steel shortage and that the steel industry is not building new plants fast enough. He then could offer to lend a steel firm, either established or new, up to 75 per cent of the construction cost of a new plant. Failing this, he could order new plants built by the federal government.

It is hardly likely that Congress will approve this proposal any time soon. But the administration selected it as a major tool of economic policy in preference to encouraging plant expansion through either tax concessions on depreciation or through federally-guaranteed loans. Just why the White House chose the loan idea deserves close attention.

In the first place, the loan idea

was foreshadowed in 1947 when the council rejected the theory that government "compensatory" spending alone can whip a depression. In the strongest language possible, it emphasized the necessity for smoothing out the private investment cycle. "Economic stabilization can be achieved within our private enterprise system," the council declared, "only if management accepts the responsibility for a more stable practice in planning its investment and operative programs.

This is not only a novel, but a highly challenging, economic doctrine. It would mean that the White House could encourage plant expansion, even in periods of full employment, in those industries where the council believes production is not keeping up with demand. Thus, the administration could time its stimulation of plant expansion with the same accuracy that it hopes to time public works activities.

Capital Goods Cycles

Furthermore, if the economic skies became really dark, the administration could use this lending power, so it believes, to revive private business even in the face of an obvious downswing. The idea is that this would be a powerful lever for stimulating the critical capital goods industries at a time when management normally is reluctant to invest in either expansion or modernization. Presumably, it would ease, if not wipe out, one of the most violent cyclical swings — the familiar feast to famine swing of the heavy industries.

During the depression of the

'thirties, the Pennsylvania Railroad electrified its system with the help of an RFC loan. Many Washington experts now regard this as the very model of a depression investment program and they have high hopes that Title II would accomplish the same thing many times over, if a similar situation develops.

Need Incentive

Title II, they further hope, will do much to solve a problem that Bradford Smith recently described to the Congressional Joint Committee on the Economic Report. This country, the U. S. Steel Corporation economist declared, has traditionally fallen into "long and dreary" depressions when it has worked off its demand backlogs. "Something has to be done," he added, "to establish at that time the incentive of people to do new things."

It would be essential, of course, that the government first win the confidence of businessmen, before undertaking such a program. Few would be inclined to invest heavily during a depression unless convinced it were to their own interest as well as to the national interest. The loan idea would make it possible for the government to share business risks, but it would not guarantee that accepting a loan would be a farsighted decision for the individual firm.

No one knows this better than the council, itself, and as a result this group has repeatedly emphasized that its goal of stabilized investment will not be achieved

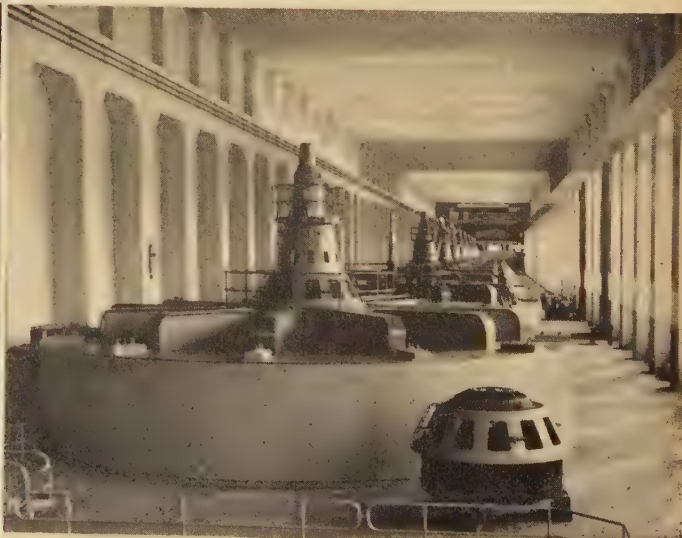
unless all groups — business, labor and farm — cooperate. Title I will work in a depression economy only if the government can convince specific industries that there will soon be a large enough demand for their products to justify plant expansion and modernization. It must further convince the nation as a whole that the depression will be short lived and that a return to full employment is just around the corner. All this must be done at a time when most businessmen will be confident they have excess capacity and can produce far more than can be sold.

The problem, from the council's viewpoint, is one of securing the wholehearted cooperation of industry. As a first step, it has tried to spell out the amount of additional capacity that will be needed in specific industries if full employment continues. The council would like businessmen to study these investment goals, talk them over with other private groups and with the government, and then agree on investment objectives to follow, year in and year out.

Investment Goals

The council has estimated, for example, that the nation should spend \$2,500,000,000 to \$3,000,000,000 a year on electric utility capacity, \$1,300,000,000 a year on new freight and passenger cars, locomotives, roadways and structures. It believes there are greater potentialities in the mechanization of coal mining and greater need for capital improvements in the natural

(Continued on page 44)

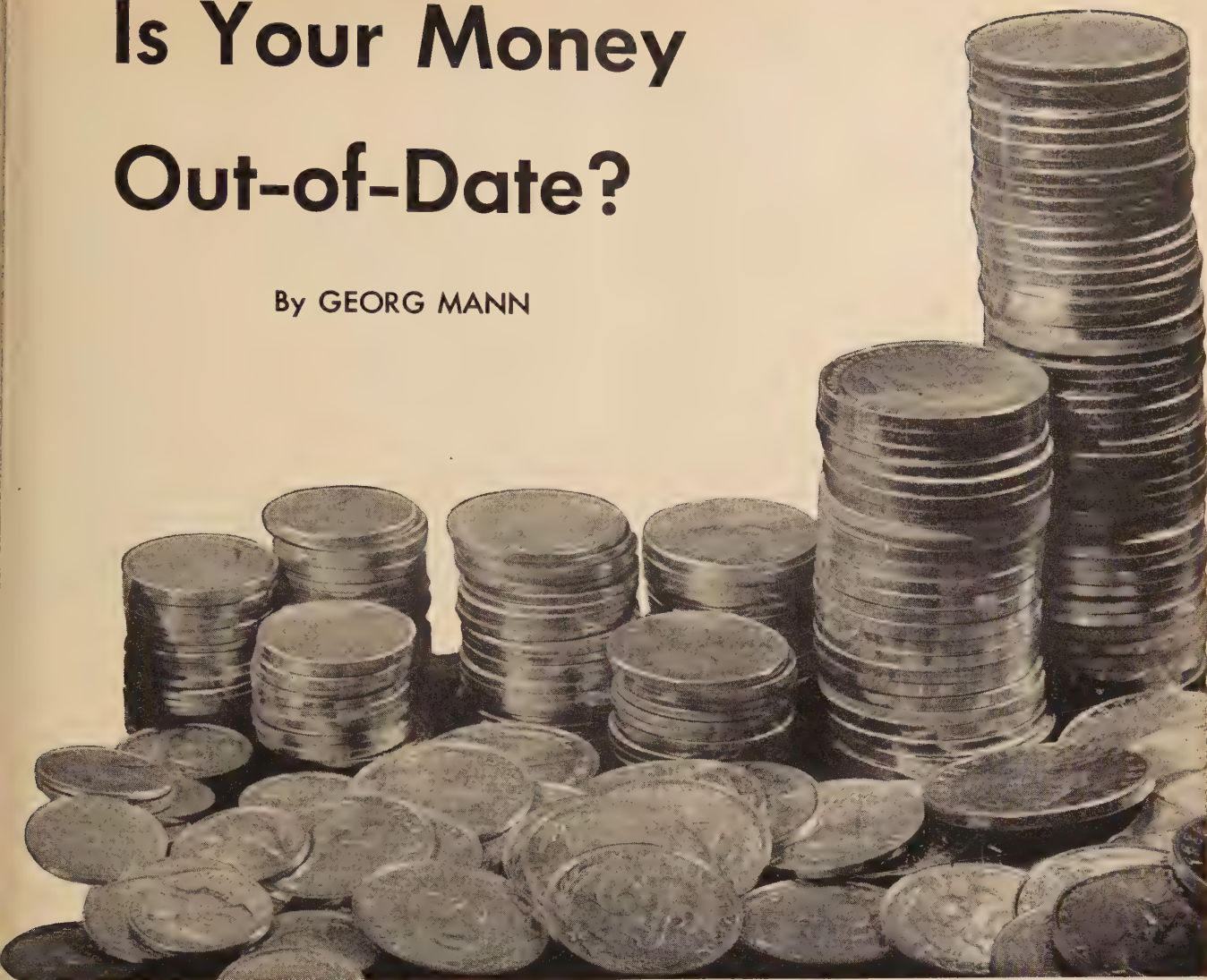


Economists see need for \$1.3 billion annual investment in railroads, \$3 billion in electric utility capacity to level demand cycle

Ewing Galloway

Is Your Money Out-of-Date?

By GEORG MANN



Ewing Galloway

THE trouble with money—say a good many people who have been thinking about it lately—is not so much its scarcity as its downright unfitness in today's economy.

Among these dissatisfied citizens are a growing number of businessmen who are now convinced that nickels, dimes, dollar bills, and \$20 bank notes are an improvement over sea shells and Indian wampum only in a matter of degree. And, the argument runs, there's no better evidence of the inadequacy of today's legal tender than the cup of coffee that sells for 10 cents principally because there's no 7½ cent coin.

The crusade for more "intermediate" money—including 2, 2½, 7, 7½, 8 and 12½ cent coins, as well as additional folding bills—already has considerably more steam be-

hind it than many realize. An organization calling itself the American Institute of Intermediate Coinage is banging away at Congress for action and has made some progress. Last year, for example, Representative McCormack of Massachusetts introduced a bill authorizing 7 cent pieces.

7½c Cup of Coffee

However, this small step forward has no more than whet the enthusiasm of such zealous campaigners as Edward W. Mehren, a California soft drink manufacturer, who is stumping the country for a new 7½ cent coin and, naturally a 2½ cent coin for change-making. Nor is it enough for William von Zehle, a New York City advertising executive, who wants both 6 and 7 cent coins.

At first glance this monetary

tempest may look like it belongs in a teacup, but there's hard business logic behind it. Despite the fact that United States coinage has remained stable for better than 70 years, there is obvious merit in the argument that today's money is inadequate for the job it must perform. Inflation has made this even more apparent.

Take the case of a business which depends upon high-volume sales of a low-priced product. A cup of coffee has jumped from a nickel to a dime, not because costs have doubled, according to the coin revisionists, but because there is no intermediate coin to which a new price could be pegged. One revisionist figures that coffee drinkers (on the basis of 40,000,000,000 cups a year) lose something like

(Continued on page 36)

Nylon Without Glamour

Industry Has Taken Over The Ladies' Plastic For Scores Of New Practical Uses

By J. D. LAWRENCE

ANYONE who still thinks of nylon merely as a raw material for lingerie and sheer stockings is in for a surprise these days. The synthetic fiber, long prized by womanhood for its glamor, has lately taken on a new and, as the practical-minded might see it, more utilitarian role in the masculine world of industry.

Currently, nylon is being molded into a host of industrial items that range all the way from gaskets to baby carriage bearings. In fact, this unpublicized leap from boudoir to assembly line is one of the real success stories of postwar plastics.

Industry Use Delayed

Chemists have long known that molded nylon possesses great industrial potentialities, but until recently this synthetic has had little chance to prove its worth. Prior to the war, hosiery and brush manufacturers gobbled up nylon yarn as fast as it could be spun. During the war, the entire output went to the military for parachutes, glider towropes, tire cords, and the like. Only since reconversion has

industry had a chance to broaden its use of nylon.

As a molded plastic, nylon offers several advantages. For one thing, it becomes extremely fluid during the molding process, making it ideal for the mass-production of delicate, complicated parts. Furthermore, molded nylon is very tough and resistant to abrasion.

Soft-Faced Hammer

Not long ago a manufacturer of soft-faced hammers was searching for a new and better facing material for his product. Development engineers designed a test in which each material was struck over and over again, 140 times a minute, with a sharp pointed weight delivering a blow of 50 foot-pounds. Nylon withstood a million and a quarter blows in more than 150 hours of continuous punishment, compared to only 60 hours of similar treatment for the second best material tested.

Nylon can also stand rough treatment at high temperatures. Since it can be steam-sterilized without the slightest damage or discolora-

tion, doctors now use hypodermic syringes with nylon needle hubs. Tumblers and dishes, made out of the glamor plastic, can be dropped on the hardest floor without breaking.

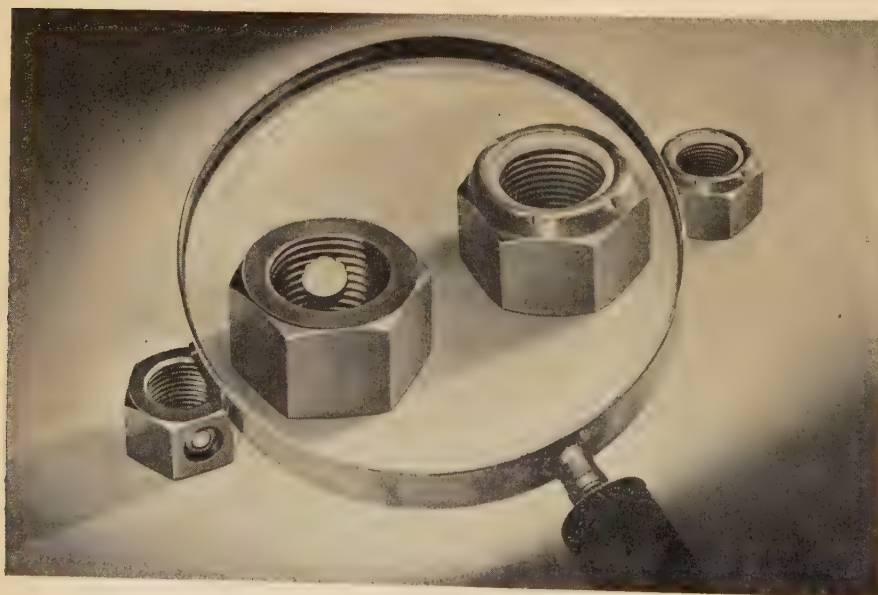
Besides eating and drinking out of molded nylon, you may be walking on it if you wear arch supports. The advantage here is its unusual resiliency, an important consideration in products which are flexed hundreds of times a day. Also, nylon arch supports have great resistance to perspiration acids.

Zippers And Bushings

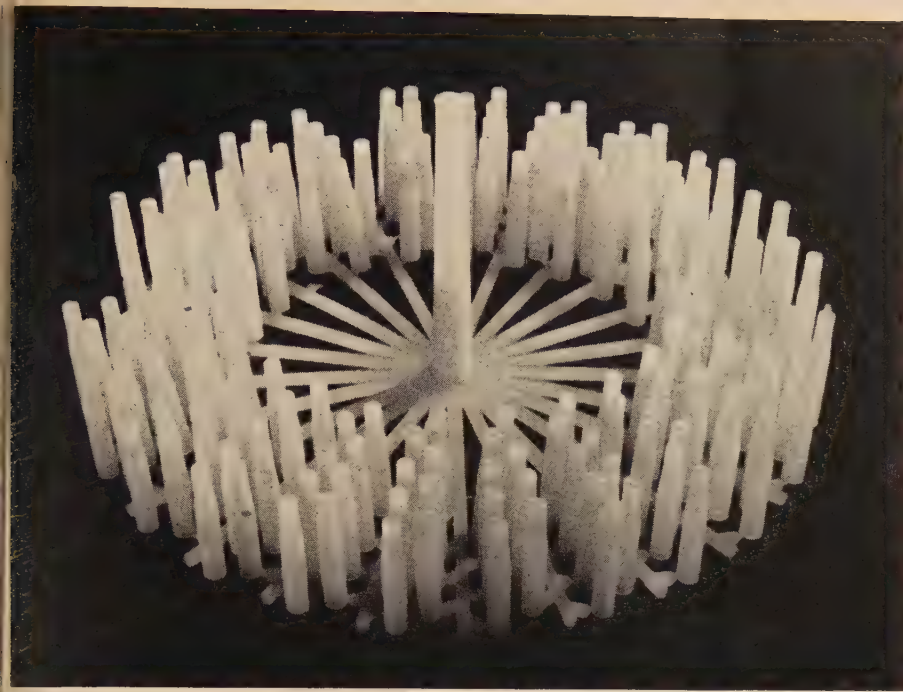
In fact, nylon resists attack by most common chemical agents. Oil and gasoline, for example, have no effect on nylon gaskets or bushings. Nylon zippers are not damaged by dry cleaning solvents. One manufacturer is now molding valve seats out of nylon. He discovered that nylon eliminated the need for costly hand-lapping. The valve seats also resist wear, give a tight fit, and are substantially lighter than all-metal seats.

Self-locking nuts, those handy little gadgets with plastic inserts, are another item which has recently been improved with molded nylon. Ordinarily, these nuts can only be used once or twice; afterwards, they have lost their gripping power. Nuts with nylon inserts, however, can be removed and replaced hundreds of times without losing the tension in their grip.

In the electrical industry, nylon is being used as an outer sheathing on bare wires and insulated cables. Coil forms molded of nylon are also finding favor because they withstand temperatures of 60° below zero without cracking and 400° F. without softening or losing their shape. Since they offer good impact resistance, you may have a nylon coil form in your



Nuts with resilient nylon locking element grip bolts tightly, preventing slips



Not a birthday cake, but freshly-molded hypodermic needle holders of nylon

electric shaver or in your son's electric train.

A manufacturer of electronic products has developed a screw driver with a nylon shaft which resists heat, provides insulation against high voltages, and has otherwise proved an excellent tool for working with delicate electrical equipment. The shaft does not harm soft metals.

Also in the electrical field, nylon is performing a unique service in postwar radios and electric clocks. On the back of such an appliance is a small grommet or bushing surrounding the hole into which the electric cord fits. On postwar models this bushing may be made of black nylon, in which case it serves a dual function. It relieves the strain on the inner wiring connection whenever the cord is pulled or jerked, and it prevents grounding in case the cord insulation becomes frayed. The nylon bushing is the first to be given Underwriters' approval.

As A Phonograph Needle

Perhaps the most original use of nylon plastic is a new phonograph needle, which is bent in an elbow shape and is springy enough to provide a cushioning effect, yet holds its shape under repeated stress, keeping the jewel point from jumping the groove. Of all plastics tested, only nylon had enough grip-

ing power to hold an unmounted jewel in the needle's tip. It also possesses a damping quality which makes for "pear-shaped" musical tones. When immersed for 24 hours in near-scalding water under a six-ounce load, the needle returned to within three percent of its original shape after drying. At 30 per cent, it would still have been usable.

In Southern and New England textile mills, nylon flyer blocks are coming into use. This is a gadget that fits onto the end of a textile bobbin. Wires with eyes at their ends stick out of the block, and the bobbin yarn is threaded through

the wire eyes. As the yarn unwinds from the bobbin during the spinning operation, it causes the flyer block to rotate at speeds up to 15,000 revolutions per minute.

Baby Carriage Bearings

Formerly, flyer blocks were made in two or more parts. Nylon flyers are molded in one piece and are much lighter in weight. Since they are molded to fit the spindle, no reaming or drilling is necessary to produce a smooth, uniform hole, thus the blocks can be mass-produced. They can also be cleaned easily with soap or water, and neither break nor bend out of shape if stepped on. Another advantage of the new flyers is that they require no lubrication. The material previously used required frequent lubrication and the lubricants spattered the yarn.

Because of nylon's frictionless qualities and its ability to be molded to accurate dimensions without costly machining, engineers are now making nylon bearings. Baby carriages with these wheel bearings roll smoothly and quietly, but—like nylon flyer blocks—require no lubrication. Before adopting the bearings, the carriage manufacturer put them through a series of grueling tests. First he up-ended the axle so the bearings would scrape against its shoulder. Then the wheel was rotated for the equivalent of 1,190 miles and the bearings showed no perceptible wear. Then the wheel box was loaded with sand and

(Continued on page 30)



This nylon "soft-impact" hammer will not mar or scratch soft metals

There's A "New Look" In The Trust Business



Kaufmann - Fabry

By HERBERT FREDMAN

"IF YOU have \$1,000, you have an estate."

This advertising slogan, used by a number of banks, characterizes a drastic change that has come over the trust business in recent years. It is based on the growing conviction, both by banks and trust companies and by individuals, that trust services are not exclusively devices to help millionaires control their fortunes. Instead, trust funds are constantly growing smaller in size (while their number is increasing) and today more than half of the trusts administered by banks and trust companies throughout the nation have a monthly income of less than \$100.

Economic Implications

This "new look" in the trust business has a variety of economic implications. As the number of trusts increases, trust institutions find their investment problems growing in size and complexity. So

corporate trustees are turning to common trust funds; to investment trusts; and to other expedients to solve the problems created by small trusts. At the same time, banks and trust companies realize that the trend to smaller trusts increases their profit possibilities. Some are remodeling their trust departments, to eliminate the forbidding atmosphere of a millionaires' club and to make them attractive to persons of moderate means. Others have embarked on aggressive advertising campaigns to spread the news: that they welcome small estates. Many trust firms are publishing booklets that reduce the often awesome legal and financial complexities of fiduciary relationships to simple language. Trust officers say that it is hard to find a topic on which the average man has a greater amount of misinformation, and lack of information, than trusts. One banker shudders and bites his nails every time a worried widow

arrives to ask if the government antitrust drive will affect her monthly check.

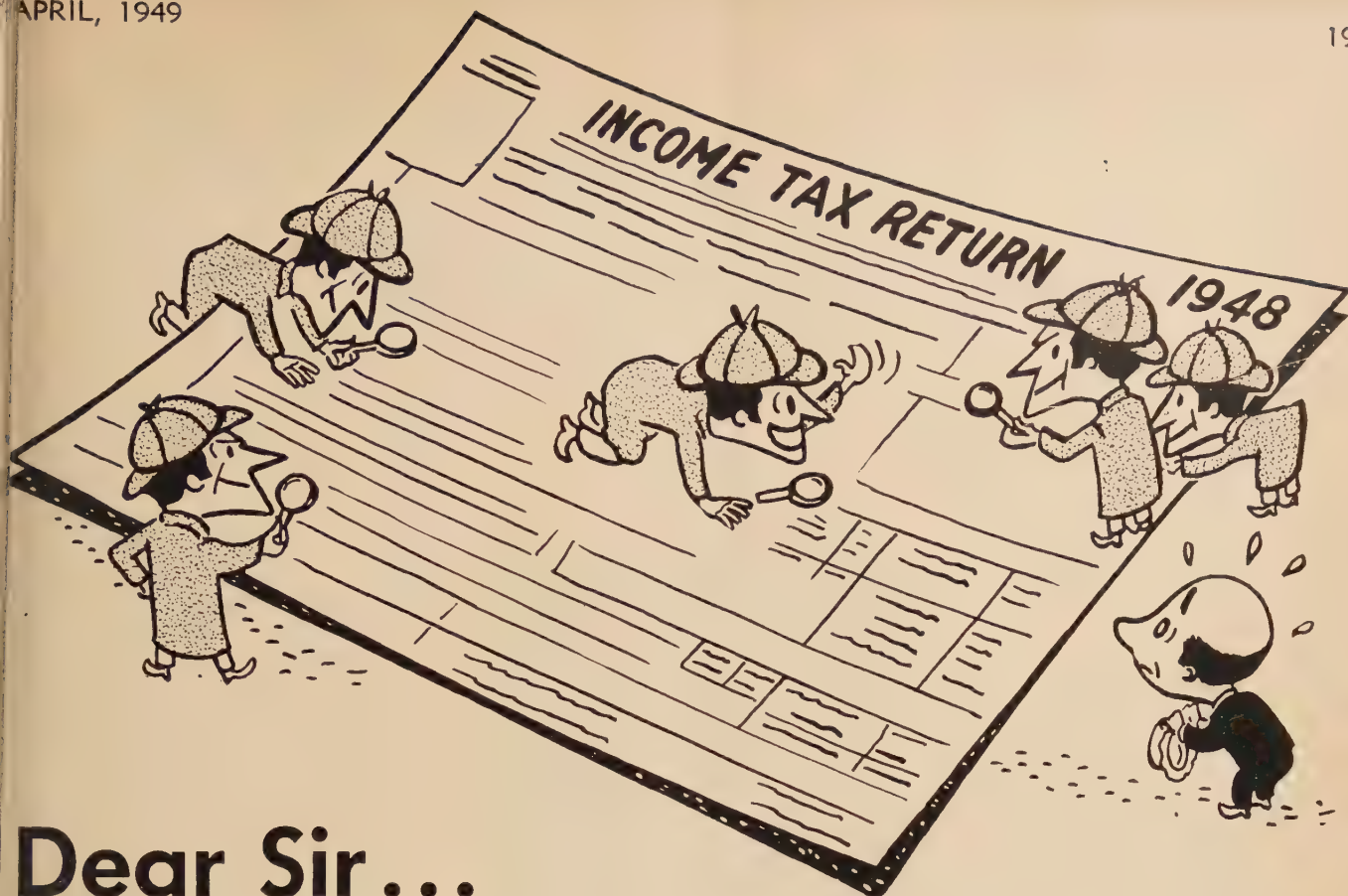
Among reasons for the lack of information on trusts by the public is the fact that statistics on trust activity are hard to find. While banks publish detailed reports on their savings and commercial banking departments, they are reluctant to disclose figures on their trust departments. National banks report to the comptroller of the currency on their trust activities, but these figures, according to trust authorities, do not represent the entire trust business of the nation. Bankers are chary about releasing trust figures for several reasons. For one thing, a trust relationship is a highly confidential one. For another, trust men fear that emphasis on the total holdings of trusts—which run into many billions of dollars—might lead to demands for government control, just as similar demands are being made about insurance company assets.

Trust Income Survey

Two years ago the trust division of the American Bankers Association made a national survey of trust income. The survey covered 144,081 trusts, managed by 868 banks and trust companies, representing reports from "a large cross section of the active trust institutions of the United States." Of the trusts studied, 54 per cent had an annual income of less than \$1,200, while a total of 73 per cent were in the "under \$3,000" class. On the other hand, only 2.8 per cent had an annual income of more than \$25,000. When the figures were broken down by geographical sections, practically the same proportions of trusts in the low income groups were disclosed for all areas. However, the sectional figures showed that trust funds are largely concentrated in the older, more settled areas of the nation. The Northeastern and North Central areas, a total of 22 states, accounted for almost 84 per cent of all the trusts in the country.

Why are trust funds getting

(Continued on page 23)



Dear Sir...

Bring All Records

By LEWIS A. RILEY

SOMETIME this month or next a good many law-abiding citizens will be shocked to find a letter in the morning mail over the signature of the Collector of Internal Revenue. To the man who has never before had his income tax return questioned, the letter may seem to imply that the federal government regards him as a tax-dodger, if not a confirmed wrong-doer.

Doubtless, a few recipients of these official communications will fall into the latter category. Nevertheless, thousands of honest individuals are being asked to substantiate claims made on tax returns. The reason is that the Internal Revenue Service is better staffed this year and, as a result, it is giving returns the most thorough

NOTE: This article is based on a pamphlet, "Your Rights of Review When the Government Questions Your Income Tax Return," published by the Department of Commerce.

going-over since income taxes were first introduced.

What happens if your return gets snagged in this year's fine-tooth check up?

Those Helpful Collectors

In the first place, it should be noted that the Internal Revenue Service, after long experience with honest as well as dishonest taxpayers, has taken pains to simplify the procedure to be followed when a return is questioned. It has assigned special personnel to review tax cases and thus help the taxpayer who cannot afford expensive legal assistance to receive the same treatment accorded his more affluent compatriot.

There are several basic rules protecting the taxpayer on his return. Usually the government must question a return within three years after it has been filed. If, however, no return has been filed or the

return is fraudulent, no time limit is recognized. Furthermore, if a gross income item equal to more than 25 per cent of the total is omitted, the time limit is extended to five years.

Often, a return is in error merely because of bad arithmetic. If so, it is corrected, the taxpayer is billed or refunded accordingly, and, for obvious reasons, no appeal can be made. After the arithmetic has been checked, the salary one reports is checked against his withholding tax report (Form W-2); partnership earnings against the "Partnership Return of Income" (Form 1065); and dividend income against corporation report 1099.

Here Trouble Starts

While questions arising out of discrepancies in these figures can usually be settled more or less amicably, the real trouble arises over the manner in which a taxpayer — and later the government — interpret laws and regulations. This is a question, of course, of applying a tax law or previous ruling to the specific situation of one taxpayer. It is at this point that the fireworks usually start.

In many cases, the taxpayer has

not justified his interpretation of the law. In this event the first government step is to request additional supporting facts, by way of a letter asking for additional information or by an agent visiting the taxpayer to review his books and records. Sometimes this check is sufficiently convincing to end the dispute right there.

If not, the case moves into the second stage of review. To enable every taxpayer to present his side of a dispute with the least possible inconvenience to himself, the revenue service has adopted the practice of holding hearings on disputed cases in district offices throughout the country. Before a hearing is held, however, the collector will usually forward a document, called form 870, which the taxpayer is invited to sign, thus agreeing to pay any deficiency in his tax.

"30-Day Letter"

If the taxpayer still believes his return is correct, he should not sign this form. Later he will receive a formal notice (the so-called "30-day letter") giving him a specified period, usually 30 days, in which to file a protest against the proposed deficiency assessment. Enclosed will be a report from the revenue service examiner setting out the government's position on the case. There is also likely to be enclosed another form 870, just in case the taxpayer has weakened by this time.

Two things can be done at this point. A taxpayer who wants a hearing before the internal revenue agent in charge must file a protest within the specified 30-day period. Otherwise, he can wait for a "final deficiency notice," giving him 90-days in which to petition the U. S. Tax Court for a redetermination of his deficiency.

Assuming a taxpayer is unaccustomed to backing down and wants a hearing, this is the point at which he had better be sure of a reasonably good case. If a sizeable amount of money is involved, it may be advisable to call in his attorney or accountant, remembering that if they are to represent him, a power of attorney must be executed with sufficient copies to be attached to the returns for each tax year under question.

The protest, itself, need not fol-

low any prescribed form, but it must contain precise information, state the grounds for the exceptions taken, and be executed in triplicate under oath. The subsequent hearing before the revenue agent will be held at the nearest Bureau of Internal Revenue office, it will be informal, and the decision will be reached on the basis of the examiners' report, the taxpayer's protest and any additional facts brought out in the hearing.

More Aspirin?

The results here may send the taxpayer home for his first good night's sleep in several weeks or to the drugstore for another bottle of aspirin. It may be decided that the deficiency was as great as the government claimed, less than claimed, non-existent — or, unfortunately, even greater than first claimed by the examiner. However, this decision need not be accepted and, if not, the taxpayer may either request a hearing before Internal Revenue's Technical Staff or else wait for a formal 90-day deficiency notice which, as before, will send the case before the Tax Court.

If a taxpayer now decides to pay the deficiency and not file a petition for redetermination with Tax Court but later, again feeling in a fighting mood, decides he was in error in paying, he may file a refund claim provided he has not entered into a closing agreement with the Bureau of Internal Revenue. If the claim is not allowed, he may file suit for recovery of the tax with the U. S. Court of Claims or the U. S. District Court.

Returning to the technical staff hearing, this constitutes the final effort to settle a case out of court. The Technical Staff hearing is also informal, controversial issues are reviewed, and an attempt is made to negotiate a mutually satisfactory settlement. The theory behind such hearings is that they expedite the administration of the tax laws, increase the efficiency of the revenue system and minimize a taxpayer's difficulties.

Failing a settlement here, a dispute moves — via the 90-day letter — into the province of the Tax Court. Although the latter is not connected in any way with the Bureau of Internal Revenue, it can hear only cases involving tax deficiencies in which the taxpayer has

been notified by a 90-day letter. The Tax Court has specific instructions covering the preparation of the petition which must be filed with it in answer to the government's 90-day letter.

A copy of the taxpayer's petition will be served on the Commissioner of Internal Revenue who then has 60-days in which to file an answer indicating to the court and to the petitioner the nature of the defenses. Although it must take up each issue referred to by the taxpayer, it can also raise new issues not included in the original deficiency notice. If new issues are raised, the taxpayer has 45-days in which to file a reply, affirming or denying each allegation respecting these new issues raised and setting forth the facts that the taxpayer will rely upon to support his position.

Incidentally, this reply may become extremely important, for if a taxpayer fails to reply adequately to the new issues raised the court may construe this as an admission of these facts and may subsequently grant a motion by the commissioner for a judgment in accordance with his claims.

Final Conference

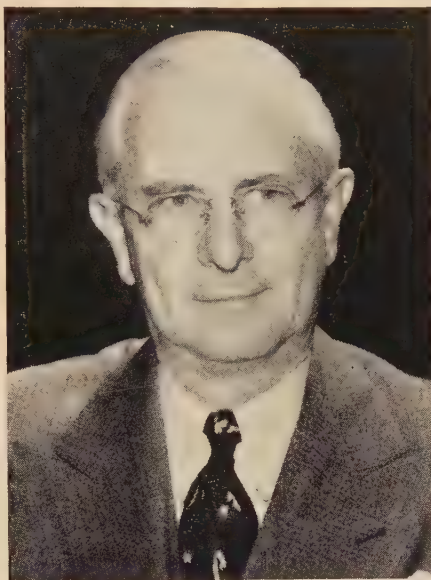
Before the actual hearing is held, it is possible for the chief counsel of the Commissioner of Internal Revenue to suggest a conference for the purpose of yet arriving at a settlement without a trial. If the latter is not requested or fails of a settlement, the hearing follows. At the hearing, it is taxpayer, not the tax-collector, who has the burden of proof.

The taxpayer's counsel must not only establish a case, in order to win a decision; he must also overcome the opposing case. The reason is that the findings in the deficiency determination of the Commissioner of Internal Revenue are considered as correct until proven otherwise.

Beyond the Tax Court the road for further appeal leads to the Supreme Court. Either the taxpayer or the Commissioner of Internal Revenue can appeal the Tax Court decision before the U. S. Circuit Court of Appeals or the U. S. Court of Appeals for the District of Columbia. Failing satisfaction here, the next — and final — decision rests with the venerable gentlemen of the Supreme Court.

Can A Businessman Really Help World Understanding?

By
CHARLES SAWYER
Secretary of Commerce



Charles Sawyer

WITHIN the last generation profound changes have taken place in the relationship between government and business in nearly every country in the world. Two wars and a worldwide depression have changed men's thinking about economics and politics. In the late Nineteenth and early Twentieth centuries politics and economics were almost entirely separated. Governments permitted trade to flow between nations without attempting to impose restrictions. Goods followed money; and money, based on gold, was a stable medium of exchange — regardless of the particular national currency in which it was expressed.

Old Trade Patterns

When the unregulated movements of trade resulted in an adverse or unfavorable balance against any one nation, it was thought inevitable that that nation would have to suffer whatever hardships might occur as a result. Supply and demand were permitted to operate freely and governments as a rule did not interfere with the economic adjustments that took place as the result of the flow of world trade.

In the past 20 or 30 years the older patterns of world trade have been profoundly changed. As the result of war and depression, most nations have placed increasing emphasis upon maintaining high levels of production, full employment, and general welfare within their own national boundaries. Throughout the world, governments have tried to "manage" their trade with other countries, in order to balance their import and export accounts, increase their exports of certain goods, decrease imports of non-essentials, and improve the buying power of their own currencies.

In a word, domestic prosperity and the welfare of citizens in each

country are the dominant considerations in the forming of national policies. No modern nation is willing to permit the business cycle to bring about shortages, unemployment and general suffering for its own people. Rightly or wrongly, each nation is attempting to work out its own destiny in its own way. Each nation has built barriers of economic defense at its borders.

The Spectre Of Insecurity

We talk constantly about the barriers of red tape and control that block the channels of trade; but the main barrier between us and a properous world trade is fear and insecurity. We can make progress toward building a sound

world trade only by building confidence among the peoples of the world.

One of the most effective ways to create such confidence is to build stronger basic economies where the economies are now weak. American business can do much through private investment to strengthen the economies of other nations. The investment of American capital in the future of other nations will be fully effective, however, only in so far as those nations make strenuous efforts to stabilize their own economies and give American investors greater confidence.

America's New Role

In Twentieth Century America we have witnessed the full flowering of the scientific and industrial genius of the West. America has the world's greatest store of modern machines and processes; and America has the engineers, the managers, and the workers who know how to make these machines and processes produce goods in mass volume.

In the Nineteenth Century, Europe was the industrial workshop of the world, and she sent her capital, her machines, and her engineers to all parts of the world to develop the frontiers. Our own frontier was developed with European money and European techniques. For more than three-quarters of a century we borrowed money from Europe to build our railroads. London investment houses bought the entire issue of stock for the first American railroad, the Baltimore and Ohio; and in the first ten years of railroad building in this country — between 1830 and 1840 — all of our railroads were laid with British iron.

In the Nineteenth Century, Europe was creditor to the world because Europe was more productive than any other area of the world.

SPEECH OF THE MONTH

Made before the Chicago World Trade Conference, February 28, 1949

In the Twentieth Century, America has inherited the creditor's role. This new role brings new responsibilities. To carry out our responsibilities we must keep clearly in mind the new conditions of trade in the Twentieth Century. We cannot forget that nearly every country in the world wants to be economically self-sufficient.

In following President Truman's suggestion that we launch a "bold new program" of assistance to other countries, we shall be building on a well-established tradition of American help to other nations throughout the world. In addition to government-sponsored programs of assistance, American businessmen have for many years aided the businessmen of other countries to increase their productive efficiency. Let me describe a few representative instances of this aid by private American business.

World Assistance

Only a few weeks ago the Pennsalt International Corporation announced that it had made available to companies in France and the United Kingdom complete technical information about the production of two important chemicals — fluorine and sodium subsilicates. These two chemicals were developed after long and costly research by the American firm. Fluorine is chemically the most active element known. Among the products that may be manufactured with the aid of fluorine or with hydro-fluoric acid are fluorine plastics that resist the attack of any known chemical, high-octane gasoline, and other specialized products which are important in our atomic age.

Sodium subsilicates are used as detergents for metals before the metals are plated and finished. They are also used in the textile industry and by commercial laundries. The American firm made available the designs and operating techniques for producing these two chemicals, and attached no conditions to its release of the information. The firm intends to make other similar information available to any country where proper resources and techniques for utilizing such developments are shown to be present.

I mention this specific instance

of cooperation by an American firm not because it is unprecedented but because it is an up-to-date illustration of the kind of generosity that will gain good will and create confidence among other peoples. One of the secrets of American success in business is the willingness of American businessmen to talk with other businessmen here and abroad about their so-called "trade secrets."

Our automobile manufacturers pool their patents and compete with one another on the basis of management and quality. One great industrial manager used to be fond of telling his assistants that any patent owned by his firm could be bought for one dollar. He said that any firm that tried to build its success on the possession of a patent was doomed automatically to sudden death at the end of 17 years.

A second kind of assistance which American business can lend to other nations is the direct training of foreign nationals in the management and operation of American installations abroad. For many years one American company has followed a standard practice for training foreign workers. When the company has sold enough of its products in any one country to justify establishing a plant and service facilities, it sends a complete crew of Americans to do the work. Gradually, local managers, technicians and workers are trained to replace the American personnel. In a few years all of the American staff is brought back to the United States and the entire operation is left in the hands of the newly-trained foreign staff. Of the 8,000 employees of this company in foreign countries, only 20 Americans are now on permanent foreign assignment.

Transmitting Know-How

This is one of the most effective ways possible for the transmission of the American way of doing business to the people of other countries. By training local personnel in the complicated techniques of American business, it places in the hands of other countries the fullest possible knowledge of the methods that have proved their success in the United States. Incidentally, a country that learns to use Amer-

ican equipment wants more American equipment.

Many other American firms carry on similar programs for training foreigners in our industrial techniques. One of the most common methods is to bring promising technical students to the United States for courses of training in American factories and offices. Dozens of firms are now engaged in this type of privately sponsored industrial training of foreigners. These industries involved range from business machines and banking to industrial chemicals and electronics.

Venezuelan Plan

A third type of assistance by private American business is well illustrated by the job that is being done by the Venezuelan Basic Economy Corporation. Two years ago Nelson Rockefeller and some of his associates decided that the greatest need of certain Latin-American countries was low-cost domestic production and efficient distribution of basic necessities.

They saw that the rapid development of the oil industry in Venezuela during the past 30 years had resulted in a serious dislocation of the Venezuelan economy. Cities had grown rapidly and the heavy demand for food in the cities could not be met by the farmers. Specialized industrial facilities had grown out of all proportion to the other basic industries of the country. Prices of food had risen so rapidly that it became cheaper to import many food products than to produce them locally.

The most promising opportunity appeared to be the development of the Venezuelan fishing industry. The Caribbean, which forms the northern boundary of Venezuela, abounds in sardines, red snapper, mackerel, herring and crawfish. The fishing industry was a going business, but fishermen and merchants ashore were hampered by the lack of storage and distribution facilities. The fishing boats were not mechanically powered and were not equipped with facilities to prevent spoilage.

The Basic Economy Corporation decided that the first job was to build ice plants. The fishermen could then carry ice, stay at sea longer, bring in a bigger catch, and

(Continued on page 26)

There's A "New Look" In Trust Business

(Continued from page 18)

smaller? For one reason, because fewer large fortunes are being accumulated. A combination of factors — larger income taxes, estate taxes, and inheritance taxes, governmental restraints on business—all tend to restrain large accumulations of wealth. Another reason is that on smaller estates, growing problems of taxation, management, and investment make the use of trusts more logical than in the past. And a third reason is that corporate fiduciaries are actively going after the smaller accounts.

"Millionaire" Idea

One large bank, for example, was annoyed to find that in newspaper accounts, the word "trust" was generally coupled with the word "millionaire." When the bank studied its own activities, however, it found that the atmosphere of the trust department was not encouraging to the owner of a small estate. So the bank established a special "small estates" division and set out to develop it by advertising, publicity, and promotional activities. The bank offered to handle estates as

small as \$1,000, although bank officials realized that trusts that small generally would be impractical. However, bank officials felt, by stressing the \$1,000 figure persons with estates approximating \$50,000 would be made to feel that they would be welcomed as a respectable account—and it was the \$50,000 to \$60,000 estates the bank was shooting for. Although \$50,000 may seem like a lot of money, the average business and professional man, with a house, furniture, car, savings account, insurance program, and perhaps a few corporate securities and government bonds, finds that his assets run to more than he might guess.


When the "small estates" program started, the bank found its new trust business tripled in the first month. Since (for approximately five years now) new trust business has been at least three times as large as it was before the program started. At present this particular bank is obtaining about \$100,000,000 in new trust business each year. And, while the ads of the "small estates" campaign

stressed the "\$1,000 estate" the bank found that the size of the average estate obtained was well over \$40,000.

Banks that have boosted their trust business, however, have found that an extensive educational program is necessary. They explain that a trust is simply an arrangement under which a trustee holds property for the benefit of others, called beneficiaries; that living trusts can be created to take effect at once, and that "testamentary" or "court" trusts start when the maker dies; and that trusts can accomplish a variety of purposes, including investment, management of securities, real estate and other property, the disbursement of income and principal to the beneficiaries, handling of tax problems, and, often, the reduction of probate, transfer, estate and inheritance tax costs.


Trustee Services

At the same time, banks and trust companies have stressed reasons why corporate trustees are to be desired in preference to individuals named by a person creating a trust. Corporate fiduciaries point out that they have continuous ex-



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istence, while individuals die or become incapacitated; that they have financial responsibility, bolstered by state and federal regulation; and that corporate trustees generally have at their command a group of specialists—including tax experts, accountants, real estate and investment men—to handle various aspects of an estate. The corporate trustees, however, encourage persons creating trusts to employ their own attorneys, and make no attempt to usurp the work of the legal profession. Often, persons setting up trusts also name an investment or brokerage firm that is to handle security transactions arising from the activities of the trust. And banks are prevented by law from using trusts placed in their care for the advantage of the bank itself. One bank trust officer, for example, recently obtained control of a business firm that was part of the assets of a trust placed with the bank. He found that the business concern was doing all of its banking with a competing bank. He has made no attempt to switch the account to his own bank.

Investment Restrictions

Banks and trust companies do not have a free hand in investing the funds of a trust account. Some states impose restrictions on the investments that trustees can make. Others, including Illinois, have adopted the "prudent man" rule to guide trustees. This rule, in brief, restricts a trustee to making only those investments that a prudent man would make, considering the maintenance of the principal of the estate and amount and regularity of its income. Of course, many trust instruments specify the investment policy to be followed by the trustee. A person making a trust, for example, may decree that the trustee invest only in bonds, or that he limit purchases of stocks to a fixed percentage of the trust's assets. Generally, corporate trustees encourage trust instruments that give them wide discretionary powers. They point out that investment conditions are constantly changing, and that a beneficiary whose income is dependent on a trust set up when six per cent bonds were available would have a hard time getting along today on the income

if the trust fund were restricted to high grade bonds.

Corporate trustees try to follow conservative investment policies in handling trust funds. They seek diversification, safety of principal, and adequate but safe income. As "prudent men," they avoid any taint of speculation. While this policy is difficult enough with a million-dollar trust, it becomes almost impossible with one of, say, \$40,000. An easy answer, of course, is to put the principal into government bonds, and let the beneficiary struggle along on \$1,000 a year from the fund. Some trustees have invested in high grade investment trust funds, to achieve diversification, safety and reasonable income on small trusts. A growing solution of the investment problem of small trusts, however, is the common trust fund.

Under a common trust fund, the usual principle of complete segregation of funds of trust accounts is set aside. Instead, the funds from many trusts are combined into a diversified common trust fund, and the entire fund is invested as a unit in a diversified list of securities. Each participating trust retains its own identity, and owns a proportionate share of the common trust fund. At quarterly intervals, or oftener, income of the common trust fund is distributed to the participating trusts. At regular intervals the value of the fund is determined, and on the basis of that value new trusts are admitted, or participants may withdraw from the fund. By law, common trust funds cannot act as investment trusts; that is, an investor cannot approach a bank that maintains a common trust fund and offer to place a sum of money in the fund. Participation is open only to trusts in which the bank is a trustee or co-trustee.

Common Trust Law

Common trust funds are now in operation in about 60 trust institutions in the nation. Most of the funds are in operation in the Eastern states, where the idea started. The Federal Reserve Board, under Regulation F, has given national banks the power to start common trust funds in states where state laws authorize common trust funds by state banks and trust companies.

Illinois placed a common trust law in effect six years ago, and several Chicago institutions have been considering the establishment of a fund since. The City National Bank and Trust Company established a common trust on December 31, 1947. A number of Chicago banks and the Chicago Title and Trust Company currently are considering whether to adopt the common trust principle.

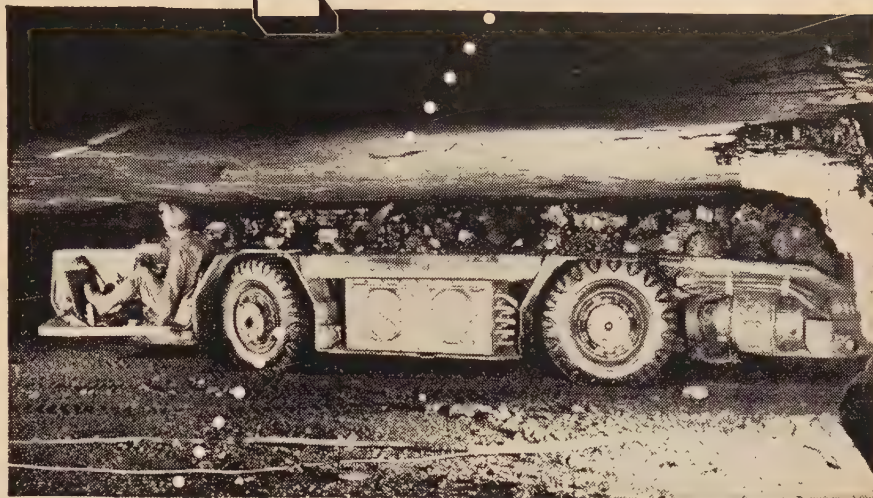
Advertising Bans

The Federal Reserve regulation imposes many restrictions on the common trust funds of national banks. Bank cannot advertise or publicize the earnings realized on a common trust, or the value of its assets, although the bank must furnish each person participating in a trust merged with the common trust with an annual report. The reports bear a statement that publication of the information contained in them is unauthorized. The bank cannot invest its own funds in the common trust. No single participating trust can invest a sum in the common trust fund that amounts to more than 10 per cent of the common trust, or \$50,000, whichever is less. While a common trust fund is not limited in the amount of government obligations it can own, it cannot buy corporate securities of any one company to exceed 10 per cent of the value of the common trust, nor can it own more than five per cent of the outstanding shares of any one company. The bank cannot charge a management fee to the participating trusts for operating the common trust fund. The compensation of the bank can come only from the fees charged for handling the individual trusts that make up the common fund.

The federal reserve restrictions make it difficult to discuss individual common trust operations. However, the experience of one of the nation's largest banks with a common trust fund may typify the general results.

This bank, which started its common trust fund since the war, has about 10 per cent of all of its trust assets in the common trust fund, which aggregates several million dollars. Last year the average yield of the fund was four per cent. While

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the maximum participation, under Federal Reserve rules, is \$50,000, there is no minimum—any size trust can be included. However, the bank tries to avoid putting trust funds in the common trust that are not likely to remain five years or more.

Fund Breakdown

At present, this common trust fund consists of 40 per cent common stocks, 10 per cent preferred stocks, 35 per cent government obligations, and 15 per cent corporate bonds. To show the extent of diversification, the common stock portion of the fund contains more than 40 individual issues, all of "blue chip" character.

Another medium-sized bank, with total trust assets exceeding \$30,000,000, has a common trust fund valued at \$2,200,000. More than 100 separate trusts, ranging in value from \$700 to almost \$50,000 are included in their entirety, and about 30 other trusts are partly included in the common trust fund. This fund has been in operation for about seven years. It was started at a fortunate time, considering stock market levels; today each dollar originally invested in the fund is worth more than \$1.40. The fund, since its inception, has been managed by a formula plan, under which the proportions of the fund invested in common stocks and in bonds are determined by a mechanical formula based on stock market levels. At present market levels, roughly one-third of the fund is invested in common stocks.

Most banks that have established common trust funds have been pleased with the results. Many have been worried at first, fearing that a sharp drop in stock market levels might cut the value of the fund substantially, thereby causing beneficiaries and persons who established trusts to lose faith in the

bank. However, lower security prices probably affect individual trusts more than they affect common trust funds because of lack of diversification.

What about the effect of an increasing amount of money placed in trusts on the economy as a whole? Some regard the growing use of trusts as an unfavorable trend in relation to a growing problem of our economy—the supply of venture capital. Trustees must be the opposite of venturers. The primary function of a personal trust is to conserve capital. Only indirectly, and in a limited way, can trustees hope to produce wealth. They cannot afford to undertake ventures that might be useful economically but that entail risk.

Business Growing

On the other hand, trustees say that they are performing a valuable economic function by contributing to the better distribution of property. A committee of the American Bankers Association told members of Congress that "through personal trusts parents and other property owners are providing for the distribution of property to and among the members of their families and other dependents in ways that are far superior to any forms of distribution that would result from outright gifts during their lifetime or under their wills or from the distribution of property under the laws governing estates of persons who die without leaving wills."

No matter what the social and economic consequences may be, however, the trust business is growing rapidly. And, as trusts continue to shed their million dollar price tags, they will help increasing numbers of Americans solve the property management and investment problems that are becoming more difficult every day.

Can A Businessman Help World Understanding

(Continued from page 22)

deliver it to merchants in condition ready for market. The next step was to equip fishing boats with motors so that fishermen could travel farther and bring in bigger catches. To bring about these improvements, a subsidiary of the

Basic Economy Corporation—called Caribbean Fisheries—was set up.

During the first stages of this program the Caribbean Fisheries' boats are being operated under the supervision and training of American fishing boat officers. Even-



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tually they will be manned completely by Venezuelan personnel.

The purpose of the group in setting up the fishing operation is to establish a profitable business that will contribute to the economic well-being of Venezuela. The corporation is not essentially a charitable institution, but a group of people interested in giving the necessary encouragement to the establishing of a going concern. As soon as the Caribbean Fisheries or any other project sponsored by the corporation becomes a money-making business the corporation will offer common stock to Venezuelan investors. Ultimately, the stock will replace completely the holdings of the corporation. A basic principle of the corporation's activities is that control of any subsidiary company must be offered to private investors within ten years of its initiation.

The capital used by the Basic Economy Corporation is not furnished entirely by wealthy Americans with an altruistic interest in the welfare of another country. In large part the capital of the corporation is furnished by the oil companies who operate in Venezuela—not all of which are American companies.

In addition to encouraging the development of the fishing industry, the corporation has established an experimental farm and a food distribution project.

Research Project

One of the most interesting parts of this story is the program of the American International Association for Economic and Social Development. This is a non-profit organization which works closely with the Venezuelan government in the development of a balanced economy for the country. It carries out educational and scientific projects such as training Venezuelans in better agricultural methods and in the value of public health, education and sanitation. This organization plans also to finance research in many fields, such as food processing, water purification, and prevention of disease.

In the days when the Marshall Plan was still a blueprint, many American businessmen suggested that if Europe were to increase its productivity, some way would have to be found for transmitting to

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them the results of American progress in technology and management. As a result of these discussions the Anglo-American Council on Productivity was formed in the fall of 1948. This council is made up of eight members from the United States and 13 from the United Kingdom.

Technical Visits

At the first meeting of this council in London in November, it was decided that the best way to give British industry the benefit of American techniques was to bring British workers, technicians, and managers to the United States and let them see how our industries actually work. During the year 1949, 35 teams will visit the United States. Each team will be divided equally into supervisors, technicians, and workers. Before they leave the United Kingdom they will be briefed thoroughly on the most difficult problems now being faced by their own industries. When they arrive in the United States, American business and labor organizations will see that they visit as

many plants as possible during their eight weeks' stay.

The aim of the program is to acquaint the British teams with American technical information, management methods, and production know-how. They will learn about the attitudes of American workers toward their work and toward their supervisors, as well as the more technical phases of industry. When they return to the United Kingdom they will tell departing teams what they have learned and what the fresh team should look for. They will also tell the departing team about the questions that were not answered during their stay in America.

Other western European countries will also send teams to the United States. Two weeks ago a twenty-man team, composed of five men from each of four industries—shipbuilding, steel making, meat-packing, and machinery manufacturing, arrived from Denmark. Each team is made up of two representatives of management and three technicians.

This exchange of technical infor-

mation with other countries is not strictly speaking, an activity of private business. It is being financed by funds furnished by the Economic Cooperation Administration of the federal government. Almost the entire success of the program, however, will depend upon the cooperation of American business and American labor.

Government has helped private business to make technical information available to other nations. It has served as a clearing-house through which businessmen have learned about the techniques and problems of other businessmen, and it has made available to business its special knowledge concerning industrial, economic, and political conditions in other countries. Government has also carried on important programs of its own for sending technical information abroad.

German Know-How

The greatest mass transfer of technology in history took place at the end of the war, when investigators from the United States went to Germany to take possession of the scientific and industrial secrets developed under the Nazis. This mass of information, which has been analyzed and distributed by the office of technical services in the Department of Commerce, has become a force for progress all over the world. Other nations have benefited, too, from the technical information that we ourselves developed during the war.

The National Bureau of Standards is one of the world's great scientific and technical workshops. In 1948 alone, nearly 700 scientists and technicians from abroad visited the bureau for periods ranging from a week or two to the entire year. Some of these visitors were students; some were engineers; and some were directors of specialized research institutions and national scientific institutions.

The Weather Bureau has cooperated with the governments of Cuba and Mexico to make possible a weather observation system that benefits us as well as those countries. They provide the sites, the buildings that house the equipment, and the personnel to make the observations. We provide modern equipment and technical assistance. This cooperative arrangement has

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made possible a vastly improved hurricane warning service. It has also benefited our farmers, our fishing industry, our aviators, and others in the southern parts of the country whose safety and livelihood depend on advance knowledge of changes in the weather.

Since 1943 the Census Bureau has been working closely with the governments of the Latin-American Republics to make preparations for the taking of the 1950 Census of the Americas. This will be the most comprehensive census in history, and will require the training of thousands of people in the complicated techniques of gathering and analyzing census data. By 1950 it is expected that over 200 Latin American statisticians will have been given special training as a result of the cooperative program.

Teamwork Philosophy

America has grown strong for many reasons. We have been blessed by an abundance of natural resources. We have drawn liberally on the energies, the talents, and the goods of other nations. In making use of our human and natural resources we have developed a practical philosophy of teamwork and we have tried to give all our people a chance to participate in the benefits of our common efforts.

The time has come to intensify our cooperation with other nations to enable them to participate more fully in the technological achievements of our age. In any effort to share our industrial, scientific, and social techniques, we should keep in mind certain fundamental principles:

First, we must have a program for finding out what kinds of technical assistance other nations want. Our help will be most useful when other nations ask us for specific kinds of assistance.

Second, we must not expect to transplant American techniques, root, stem and blossom. Some of our techniques will thrive only in a highly developed industrial society. In many areas of the world people are still cultivating the soil with hoes. What they need is plows—not tractors and flame cultivators.

Third, we must remember that technical progress in under-devel-



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oped areas involves more than blue prints and engineers. In a highly developed modern society the school teacher and the public health officer are as important as the industrial engineer. Our industrial strength comes from our public school system, our postal service, and our public roads as well as from our traditions of private enterprise and independent labor. In exchanging ideas with the people of other nations, we must remember the inter-dependence of institutions, and we should help them to achieve social advance along with industrial progress.

Fourth, we must not be arrogant

and boastful about our own technical achievements. Other nations can teach us much about many industrial methods and processes; and they can show us quality workmanship in many lines that we cannot equal.

"Realistic Altruism"

We must realize at all times that the walls of suspicion, insecurity and distrust that nations have built around themselves are thick and strong. We cannot expect to tear down those walls in a few years. We can remove distrust by indicating that we are interested in better economic conditions in other

countries. But our approach to this matter should be realistic -- we should not arouse hopes we cannot fulfill. This effort need not be based solely on altruism. Strong nations with high standards of living are good customers and good sources of supply for the things we need.

World development means more than profit, however. It means a better climate in which to work in our endeavor to find solutions to the many difficult problems now facing the world. With the co-operation of business and government, we can assist private and public projects already in existence and expand them. We have made a good start. If we realize clearly our purpose and work together to achieve our goal, we can help other peoples to make headway, in President Truman's words, against their ancient enemies -- hunger, misery, and despair.



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OUTSIDE CHICAGO LOOK IN THE YELLOW PAGES

Nylon Without Glamour

(Continued from page 17)

sealed. After 353 miles of rotation, the metal axle was worn but the nylon bearings were unaffected. When the carriage was finally loaded with 100 pounds of steel rivets and sent smashing into a brick wall, the wheels were wrecked, but the bearings were as good as new!

For a newcomer to industry, nylon plastic has already chalked up some notable successes, and chances are design engineers have barely scratched the surface of its potentialities. The duPont company, for one, believes nylon may eventually make as big a name for itself as an industrial plastic as it has made in the textile field.

In addition to molding powder, the plastic is also being produced in the form of rods, tubes, and plastic coatings. Colored nylon is already available, and a transparent type is just around the corner, according to research chemists. Another development, soon to be placed on the market, is nylon stripping, which is expected to find wide use as furniture webbing.

When the latter materializes, we will not only be wearing, eating from, and walking on nylon, but finally sitting on the synthetic which has utility and versatility, as well as glamor.



Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

THIRTY years ago the Sunbeam Corporation, then known as Chicago Flexible Shaft Company, decided that the success of its venture into the manufacture of electric appliances warranted a change in company policy.

Previously the appliances had been a secondary line, but now the company decided to market them under a trade name of its own. The trade name "Sunbeam" was adopted, along with the slogan: "The Best Electric Appliances Made." The slogan was also set as the company's creed, and strict adherence to the goal of quality has paid off handsomely.

Sunbeam appliances won a reputation that has enabled the company to score a number of unusual accomplishments. During the depression of the early 1930's Sunbeam Corporation's sales showed gains, and a profit was earned even in 1932, the blackest year of all. New products found ready acceptance and the company financed a continuous program of plant expansion out of earnings.

Name Changed

By 1946 the name Sunbeam had become so widely known that it was adopted as the corporate title. Currently, Sunbeam Corporation is enjoying such a high level of demand that five of its appliances—food mixers, electric irons, toasters, coffee makers, and waffle makers—are still on allocation to distributors and dealers although appliance sales generally have declined substantially from the postwar peak. The sixth Sunbeam appliance, an electric shaver, is selling at the highest rate in the company's history.

Sunbeam Corporation's original entry into the manufacture of electric appliances was made to offset the seasonal nature of what was

then its principal business. The company had been established in 1893 and incorporated in 1897 to manufacture hair clippers for home use and mechanical animal clippers. The latter received their power through a flexible shaft turned by a hand crank. When sheep shearing machines were added to the product line, trouble was encountered because of the damage to blades from dirt and grit in the wool. To overcome this difficulty the company developed heat treatment furnaces that produced a tougher steel. Other manufacturers asked for similar equipment, and the Sunbeam Stewart Industrial Furnace Division, now an important part of the company, came into being.

The "Master" Line

In 1910, the manufacture of electric irons was begun. The iron business proved good, so other appliances were added from time to time—toasters, electric clocks, heating pads, coffee percolators—and some later were dropped. Other products were added too, including a hedge trimmer and "Rain King" lawn sprinklers.

The introduction of the spectacularly successful Sunbeam Mixmaster in 1930, marked a new era in the company's affairs. The name Mixmaster became a household word, and it was the demand for this appliance that accounted for the remarkable sales and profit showing during the depression.

In 1937, the Shavemaster electric razor was placed on the market, with immediate success, followed in 1938 by an automatic coffee maker, the Coffeemaster, and in 1939 by a square-shaped waffle maker that, because of its shape, produced about twice as much waffle as the conventional round appliance. The greater capacity of the Sunbeam waffle maker has revived a "dead" industry, according to the company.



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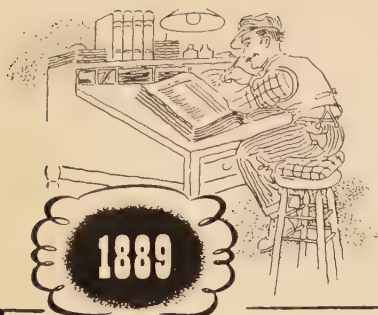
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In keeping with its slogan, Sunbeam Corporation makes only one model of each appliance, because there can be only one "best."

Although a theoretical saturation point in the market for each type of electric appliance is reached when every home wired for electricity is supplied with such an appliance, Sunbeam Corporation operates on the principle that its market is not saturated until every home contains a full line of Sunbeam products. The company's experience with electric irons makes this attitude more reasonable than might appear at first glance.

Reverse a Trend

Of all electric appliances with the possible exception of the radio, electric irons are closest to complete market saturation. For years the sale of irons has been primarily a replacement business. Sunbeam Ironmasters have been winning an increasing share of that business. In 1948, total industry sales of electric irons dropped about 3,000,000 units, or 30 per cent, from the 9,400,000 sold in 1947, when a large backlog of war-accumulated replacement demand still remained unsatisfied. Ironmaster sales for 1948 showed a substantial gain over 1947.

While Sunbeam Corporation does not play favorites among its six appliances, the entrenched leadership of the Mixmaster and the Ironmaster permit some extra enthusiasm for the others, and notably for the Coffeemaster and the Shavemaster. In a nation of coffee drinkers, the potential market for the completely automatic Coffeemaster is tremendous, the company believes.

Sunbeam is also convinced that electric shavers will eventually replace the safety razor. An improved Shavemaster with a shaving head about twice the size of the original model was placed on sale in 1946. In the summer of 1947 a survey disclosed that 70 per cent of the dealers handling shavers were not personally using any make of electric shaver. Sunbeam arranged hundreds of breakfast meetings at which dealers were invited to shave with the new Shavemaster. Many dealers became users, and results were immediately apparent in increased sales effort and sales. During 1947

alone, sales of Shavemasters equalled the total for the four prewar years they were on the market, and sales for 1948 were double the 1947 figure.

Plant Growth

Every year from 1935 to 1941 Sunbeam Corporation enlarged its plant, located on the west side of Chicago. Total floor space added during these years was 125,000 square feet, bringing the aggregated to 320,000. At the present time two plants are leased, one in Chicago and one in Westville, Ill. In 1946 the company purchased 55 acres of land less than a block away from the main plant. A modern one-story plant of 160,000 square feet was completed on this acreage in 1948 and equipped completely with new machinery. Another new plant of 132,000 square feet, and a 20,000 square foot service building are now being erected. Cash in the amount of \$2,500,000 was segregated to pay the estimated cost of the 1948 building program, and \$2,450,000 was set aside for expansion now under way. Operating economies as well as increased production capacity were objectives in the new plant construction program.

Subsidiary companies operate plants in Australia and Canada. The Australian subsidiary, 94 per cent owned, manufactures animal clipping and sheep shearing machines, food mixers, and electric irons. The wholly-owned Canadian subsidiary manufactures mixers, irons and electric shavers.

Earnings Rise

Sales and earnings of Sunbeam Corporation have risen spectacularly since the end of the war. Net sales for the fiscal year ended December 25, 1948, totaled \$41,171,009, and net income amounted to \$5,752,843, equal to \$10.65 a share on the capital stock. In 1947 net sales were \$29,183,806, net income \$3,440,546, and per share earnings \$6.37.

Combined earnings of the Australian and Canadian subsidiaries amounted to \$396,830 in 1948, but only the \$123,750 in dividends received from the Canadian company was included in the parent company's reported earnings.

Following is a comparison of net sales, net income, and earnings per

share, for the years 1939 to 1948, inclusive:

Years ended	Net Sales	Net Income	†Earned Per Share
Dec. 31			
1948	\$41,171,009	\$5,752,843	\$10.65
1947	29,183,806	3,440,546	6.37
1946	15,603,309	1,306,168	2.42
1945	11,638,977	* 961,442	1.78
1944	12,141,851	*1,134,603	2.10
1943	10,036,078	*1,101,966	6.12
1942	11,658,510	1,141,505	6.34
1941	11,982,331	1,512,756	8.41
1940	9,818,754	1,498,931	8.33
1939	9,124,652	1,583,670	8.80

†Based on 540,000 shares 1944-1948; 180,000 shares 1939-1943.

*After renegotiation settlement.

The company has never had any funded debt, and the preferred stock issued in 1919 was retired in 1929. The first public distribution of stock was made in 1929 from the holdings of a stockholder, and did not represent public financing by the company.

At the close of the 1948 fiscal year the entire authorized capital stock, 540,000 shares, was outstanding. The number of shares had been increased by a three-for-one split in July, 1944. At the annual meeting on February 23, 1949, stockholders approved an increase in authorized capital stock to 1,080,000 shares, no par value. Directors subsequently declared a dividend of 25 per cent in stock, payable April 11, 1949, to increase the total outstanding to 675,000 shares. The stock is listed on the Chicago Stock Exchange and is traded on the New York Curb Exchange.

Dividends Since 1933

Cash dividends have been paid every year since 1929 with the exception of 1932. Payments at the rate of \$2 a share annually were maintained in 1947 and 1948, and an extra of 50 cents a share was paid in 1948. The company has announced its intention to maintain the 50 cent quarterly dividend rate on the increased number of shares outstanding as a result of the recent 25 per cent stock dividend, "as long as conditions warrant."

The record of dividend payments since 1933 follows:

No par stock		1940-41	6.00
1948	\$2.50	1939	5.75
1947	2.00	1938	5.00
1945-46	1.40	1937	4.00
1944	0.70	1936	3.40
\$5 par stock		1935	1.60
1944	\$2.00	1934	1.00
1942-43	4.00	1933	0.25

Sunbeam Corporation's balance sheet as of December 25, 1948, showed current assets totaling \$11,-



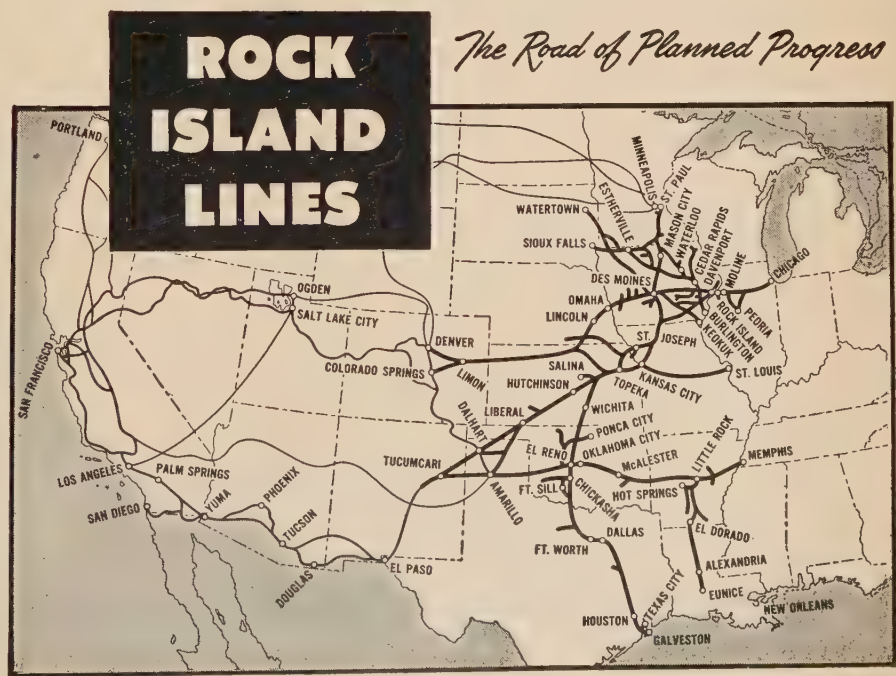
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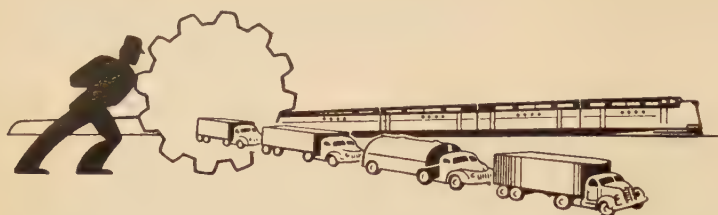
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277,661, including cash of \$1,962,162, receivables of \$2,794,941, and inventories of \$6,520,558. Additional cash of \$2,950,000 was held in bank to cover the estimated cost of the plant expansion still in progress. Current liabilities aggregated \$5,809,102.

Property, plant and equipment were carried at \$5,337,095, against \$2,456,364 at the end of 1947. Total assets of \$20,395,546 were up more than \$7,000,000 from the 1947 year-end total.

Here, There and Everywhere

(Continued from page 8)

navy fighter pilot; a former infantry battalion commander is legal counsel; a former infantry corporal is continuity editor; and a former B-29 radar operator is corporation treasurer. There will, however, be no saluting between control room and microphone.

• **War's Lesson Learned** — Industry has gained a lot from its wartime experiences — even to improving a cooking operation in cramped quarters. The latter knowledge is being utilized by the Illinois Central Railroad which has just placed in a service a new all-electric dining car, the first ever used by a railroad. The car employs much the same type of compact kitchen that performed extraordinary culinary feats aboard wartime submarines. Like the submarine galley, the IC's dining car kitchen is electrified from the deep-fry kettle that turns out 100 pounds of French fries an hour to the fast-spinning juice extractor.

• **1948 World Trade** — The Department of Commerce estimates that total 1948 world trade exceeded \$51,000,000,000, an increase — dollarwise — of about six per cent over 1947. However, since 1948 prices were approximately 10 per cent higher than in the previous year, the actual volume of trade probably declined slightly.

• **Canning Boom** — Can manufacturers last year turned out the equivalent of 28,000,000,000 standard-size fruit and vegetable cans, the American Can Company estimates — using enough steel to have made the framework for 51 Empire State Buildings.



INDUSTRIAL DEVELOPMENTS

IN THE CHICAGO AREA

INDUSTRIAL developments in the Chicago Industrial Area during March totaled \$11,079,000 compared with \$12,273,000 in March, 1948. Total expenditures in the first three months of 1949 were \$27,636,000 compared with \$39,926,000 for the same period in 1948. These developments included new construction, expansion of industrial buildings, and the purchase of land and buildings for industrial purposes.

E. H. Sargent and Comany, 155 E. Superior street, has purchased a site at 4705 W. Foster avenue on which it will construct a plant. The company manufactures scientific instruments and laboratory supplies.

Illinois Agricultural Association has purchased the Irondale terminal grain elevator at 107th street and the Calumet river. The elevator has a capacity of 2,500,000 bushels of grain.

Benjamin Moore and Company, 415 N. Green street, paint manufacturer, will build a plant on the 16 acre site in Melrose Park which it purchased some time ago. The plant will consist of a three-story factory containing 41,000 square feet of floor space, a one-story warehouse of 75,000 square feet and a one-story office building of 15,000 square feet.

Youngstown Sheet and Tube Company, which operates steel mills in Chicago and East Chicago, Ind., is constructing additions to its East Chicago plant.

Motorola, Inc., 4545 Augusta boulevard, is constructing a 20,000 square foot addition to its plant.

De Mert and Dougherty, Inc., 3001 W. 47th street, manufacturer of tars and resins, is constructing

a 40,000 square foot addition to its plant at 4800 S. Richmond street.

Northwestern Chemical Company, a unit of Wm. Wrigley Jr. Company, will construct a two and three-story chemical processing plant in West Chicago adjacent to the E. J. and E. railroad and the Chicago and North Western railroad.

Sherwin Williams Company is constructing a two-story steel and concrete laboratory at its plant at Cottage Grove and 115th street.

B. F. Gump Company, 431 S. Clinton avenue, has purchased the 70,000 square foot plant at 1325 S. Cicero avenue. The company manufactures machinery for grinding, sifting, packaging and elevating flour, feeds and cereals.

Motor Products Corporation, division of Budd Manufacturing Company of Philadelphia and Detroit, will construct a 36,000 square foot addition to its plant in North Chicago. Ekstrand and Schad, architects.

David E. Kennedy, Inc., manufacturer of cork tile, has purchased the 50,000 square foot building at 4532 S. Kolin avenue in the Crawford-Central Manufacturing District. The company plans to construct a 30,000 square foot addition to the plant. A. Epstein and Sons, engineers.

E. I. DuPont De Nemours has purchased a warehouse at 3289 N. California avenue to be used for the storage of nitrate film and similar items. The building contains 17,000 square feet of floor space.

Arens Controls, Inc., 2253 S. Halsted street, has purchased a site at 2011 Greenleaf avenue, Evanston, on which it will construct a factory.

Dry and Company, 1001 W. North avenue, has purchased a

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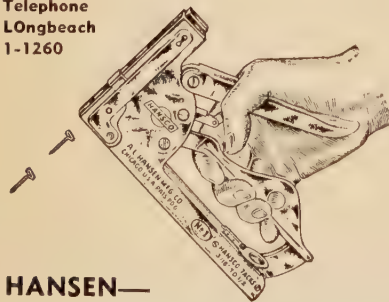
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National Container Corporation has purchased additional land adjacent to its plant south of 65th street and west of South Oak Park avenue in the Clearing Industrial District.

Formfit Company, 400 S. Peoria street, manufacturer of foundation wear, will construct a plant on the 7½ acre site at the corner of Roosevelt road and Laramie avenue which it purchased some time ago.

Pyle-National Company, 1334 N. Kostner avenue, has purchased 240,000 square feet of additional land at the corner of Kostner avenue and Hirsch street. The company manufactures lighting equipment for railroads and the aviation industry.

Belden Manufacturing Company, 4659 W. VanBuren street, producer of insulated electric wire, will expand its plant. W. Fred Dolke, architect.

Chicago Extruded Metals Company, 1643 54th avenue, Cicero, Ill., is adding approximately 13,000 square feet of factory space to its plant. Campbell Lowrie Lautermilch Corporation, general contractors.

Meinhardt Diamond Tool Company, 2800 N. Milwaukee avenue, is constructing an addition to its plant. Campbell Lowrie Lautermilch Corporation, general contractors.

Acorn Wire and Iron Works, 5912 S. Lowe avenue, is expanding its plant.

Benjamin Harris and Company, 11th and State streets, Chicago

Heights, will construct an addition to its plant.

Arthur C. Dahl Company, a newly organized producer of machine tools, has purchased a 10½ acre site in Lemont on which it is constructing the first unit of its plant.

Illinois Coil Spring Company, 2100 N. Major avenue, is building a 12,000 square foot addition to its plant.

Frozen Valley Products, Inc., has purchased the one-story plant at 700 Touhy avenue, Park Ridge, for the processing and refrigeration of food products.

Callaghan and Company, 401 E. Ohio street, printers and lawbook publishers, is constructing a new print shop in Mundelein, Ill.

Reliable Sheet Metal Works, 1325 Belmont avenue, has purchased the one-story building at 1742 Carroll avenue.

J. McGill and Company, 4314 S. Wabash avenue, has purchased the plant at 4427 W. Kinzie street. Lang, Weise and Cella, brokers.

B. H. Bunn Company, 7605 S. Vincennes avenue, manufacturer of tying machinery, is constructing an addition to its plant.

O. G. Meyer Candy Company, 2434 N. Greenview avenue, is constructing an addition to its plant.

Ward Baking Company, which operates three baking plants in Chicago, has purchased a garage building at 4815 W. Harrison street.

North Pier Terminal Company has purchased the four-story warehouse at 2734 N. Clybourn avenue. J. H. VanVlissingen and Company, brokers.

Is Your Money Out-of-Date?

(Continued from page 15)

\$1,000,000,000 annually because we have no 7½ cent piece.

The same is true of hundreds of other "one-coin" items. The resulting overcharges, say the coinage-revisers, would probably total nearly \$8,500,000,000 a year — enough of a discrepancy, they add, to deserve the attention of consumers and businessmen everywhere.

Out-of-date money also hikes the cost of sales taxes. In Illinois, with its 2 per cent tax, purchases from

15 cents up require a minimum of a penny tax, yet items sold at 25 cents legally require only a half cent tax. A half cent coin would save money for everyone but the tax collector. The real trouble, as the money-revisers see it, is that the U. S. has only four coins between a cent and a quarter, whereas other countries have six, seven, or more in the same coinage range.

Today, change-making is everybody's headache. When it appeared that New York's subway fare

would climb to eight cents (instead of the dime it actually reached), the city fathers clamored for an eight cent coin to speed up the change making. The size of the problem, multiplied by 10,000,000 fares a day, is obvious.

It is too early to say whether our coinage system is really going to get an overhaul, since only Congress can change the system. Certainly more pressure is being applied today than ever before, and the revisionists have historical precedence on their side. In the past, the mints have turned out half cent, two cent and three cent coins, and twenty cent pieces. Hence, it is hard to see why today's coins should not be fitted to the contemporary needs of business. It might be cheaper all around.

Senile Sawbuck

While some folks have been grumbling over the nation's coinage system, almost as many more have been thinking up ways to improve paper money—all the way from the dollar bill to that rarest of all legal tender, the \$100,000 note. Recently, the Treasury Department has been bombarded with complaints about its \$10 bill, specifically the engraving it carries of an antiquated motor car rolling unsteadily down Washington's Pennsylvania Avenue. The Treasury could clear up that anachronism in a jiffy were it not for the fact that \$10 bills, unlike ones, seem to last almost indefinitely, making big new printings unnecessary.

The problem of the outworn \$10 bill shrinks in importance, however, when compared with the far-reaching monetary proposal of Edith Nourse Rogers, the Congresswoman from Massachusetts. Mrs. Rogers wants color injected into tomorrow's billfold, her idea being to have eleven distinct colors identify the 1, 2, 5, 10, 20, 50, 100, 500, 1,000, 5,000 and 10,000 dollar bills. The Congresswoman has garnered the support of a number of celebrated artists, among them Rockwell Kent.

The argument for colored bills is not wholly esthetic. Some bankers believe they would speed up counting. Furthermore, the ordinary citizen would be spared the financial stress of passing out a five (say, in a soft turquoise) for

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a one (in, perhaps, a vivid scarlet Mrs. Rogers notes, furthermore that a number of foreign currency systems have different colors for different denominations and, as result, people have less trouble identifying bills.

The Rogers proposal has drawn a flurry of opposition. In St. Paul 43 out of 53 bank employees of the leading bank voted an emphatic "No" to handling colored bills. The Treasury is conservative and loathe to change. Still more to the point is the fact that hundreds of thousands of Americans are color blind. Furthermore, some monetary experts fear that colors would simplify counterfeiting.

Tough On Hoarders

However, there's another angle. Some lawmakers figure that a sudden switch in the color of bills might have a healthy effect in uncovering hoarded currency both at home and abroad. Tax dodgers with crammed safety deposits boxes would be uncovered when they turned their old bills in for new—or else be compelled to provide a convincing story at the time of exchange. That's true both here and abroad. It is estimated that \$2,000,000,000 worth of greenbacks are salted away under foreign mattresses.

Still, it might be hard to gather in all the old currency. For years the government has carried paper money on its books that has been burned, lost or strayed. Overall, that sum might reach several billions of dollars worth of currency and cash, although no one can make more than a guess. Varying estimates show that collectors alone hold on to a million and a half dollars worth. Some \$62,000 worth of bills issued during the Civil War have never turned up.

The argument over money—specifically, the denomination of our money—is likely to crop up sometime during the current session of Congress. Whether our pockets will be lined with 2½ cent "Links" and 7½ cent "Franks" (among the proposed coin names honoring Lincoln and Franklin) and our billfolds with rainbow currency remains to be seen. As yet, however, no one has proposed a "Trum" nor has anyone undertaken to assign a value to such a coin.



TRANSPORTATION and TRAFFIC



THE Interstate Commerce Commission has denied petitions for reopening of the uniform classification case, Docket No. 28310. In denying the petitions, the commission stated that the Interstate Commerce Act "in explicit language, makes it the duty of common carriers to establish, observe and enforce just and reasonable classifications of property for transportation, that the findings in the commission's report in this proceeding and the conclusions reached therein relative to the principles and elements which should be considered in the construction of a uniform classification are in harmony with the requirements of the act and are sufficiently clear and specific, and that reopening of this proceeding for the purposes sought by the petitioners inevitably would delay ultimate compliance with the commission's decision and could accomplish no useful purpose."

C. A. C. I. Asks \$5 Million Appropriation for Calumet-Sag Channel: Appearing before a subcommittee of the House Appropriations Committee, Stuart B. Bradley, Chairman of the Harbor and Waterways Committee of The Chicago Association of Commerce and Industry, urged that the present session of Congress approve an initial appropriation of \$5,000,000 to begin construction of the Calumet-Sag Channel. He suggested that \$2,000,000 of the proposed appropriation be used to commence alteration of the Michigan Central bridge over the Little Calumet River near Torrence Avenue and that \$3,000,000 be used to dredge the first four miles of the channel beginning at Sag-Junction and proceeding easterly.

Boost in Motor Carrier Rates Approved: A further boost in Central Territory motor carrier rates has been approved by the board of

directors of the Central States Motor Freight Bureau. The increases will be made in class rates and accessorial charges applicable on shipments under 5,000 pounds and will be on the following basis:

When rate basis number is less than 51, no increase; when rate basis number is 51 to 60 inclusive, one per cent; 61 to 70, two per cent; 71 to 80, three per cent; 81 to 90, four per cent; 91 to 100, five per cent; 101 to 110, six per cent; 111 to 120, seven per cent; 121 to 130, eight per cent; 131 to 140, nine per cent; and 141 or over, ten per cent.

These increases will be made in all of the bureau's tariffs except Tariffs Nos. 216, 247 and 271 series. Rates published in these tariffs were recently increased 10 per cent on less than truckload traffic and seven and one-half per cent on truckload traffic.

Extension of Time for Freight Charge Payment Authorized: The Interstate Commerce Commission in its report in Ex Parte No. 73, Regulations for Payment of Rates and Charges, authorizes railroads to extend the credit period for the payment of freight charges on less than carload traffic to 96 and 120 hours instead of the present 48 and 96 hours. The order, which became effective March 24, is of a permissive rather than a mandatory nature since the law requires that railroad freight transportation be conducted on a cash basis except as the Interstate Commerce Commission may authorize extension of credit. The order is a result of a petition filed by two southwestern railroads seeking permission to extend the time limit for the payment of charges on less than carload shipments to seven days. The petition pointed out that motor carriers and freight forwarders were authorized to extend shippers

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a credit period of seven days and that this was a detriment and disadvantage to the rail carriers since they were compelled to limit their credit period to 48 hours and 96 hours as designated by the I. C. C. In his proposed report in the proceedings, I. C. C. Examiner H. C. Cummings recommended that the commission extend the credit period to seven days for an experimental period of six months. He pointed out in his report that aside from motor carrier competition, it appeared the most important factor underlying the demand for an extension of the credit period was the existing and prospective situation with respect to decentralization of industry and the institution of the five-day work week in many industries. The commission stated, however, that while a liberalization of the credit period was desirable and practicable, they would not be warranted in extending these periods the full seven days as requested.

War Reparation Cases Hearing
June 21: Hearings in five of the 16 government war reparation cases will be held before division four of the Interstate Commerce Commission on June 21 in Washington, D. C. The cases are Nos. 29622, 29735 and 29746, United States of America vs. Aberdeen and Rockfish Railroad Company et al; No. 29795, United States of America vs. Southern Pacific Company et al; and No. 29805, United States of America vs. Union Pacific Railroad Company et al. These reparation cases are the result of complaints filed with the Interstate Commerce Commission by the U. S. Department of Justice alleging that certain freight charges assessed by the railroads during the war were excessive and unreasonable. The refunds sought are estimated to be in excess of \$2,000,000,000 plus interest.

Rail Combination Rule Found Unreasonable: The Interstate Commerce Commission in its report in I. & S. Docket No. 5553, Combination Rates, General Increases, 1946, finds that the carriers' proposal to apply the maximum or specific increases authorized in Ex Parte No. 162 to each factor in a combination of rates to be unjust and unreasonable. The commission ordered the suspended rule can-

celled and the proceeding discontinued. The proposed rule was published in Tariff X-162-A to become effective January 31, 1948, but was suspended on the request of numerous parties including The Chicago Association of Commerce and Industry. The commission stated the proposal would disrupt the existing competitive relations between one-factor and combination rates on a wide variety of commodities in practically all sections of the country and would seriously handicap shippers thereof in meeting competition from shippers doing business at one-factor rates. While the proposed rule applied only to increases authorized in Ex Parte No. 162, the commission's findings will apply with equal force to the increases authorized in Ex Parte No. 166 and to the limited extent to which the percentage increases approved in Ex Parte No. 168 were made subject to maximum amounts.

Bills Introduced to Increase Postage Rates: Representative Murray of Tennessee has introduced A. R. 2945 proposing increases in postage rates which would produce additional revenue of approximately \$250,000,000 annually. A companion bill, S. 1103, has also been introduced in the Senate.

Request Motor Rate Investigation in Central Territory: Eighteen motor carriers operating between Chicago and points in Indiana, Ohio and Kentucky have petitioned the Interstate Commerce Commission to institute an investigation into the operating and rate making practices of common and contract carriers serving the territory. The petition states that some carriers do not handle the unprofitable small shipments nor perform joint line service and are therefore able to attract the larger shipments by maintaining rates lower than those of the carriers performing a full service. The petitioners ask that the commission set a minimum rate on large less than truckload and truckload shipments at a level which would be determined in the proposed investigation. The petition charges that carriers offering the lower rates are able to do so only by violating weight laws, labor contracts and the commission's safety regulations.

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"Brush Flusher"

The home repairman who scrapes along with one or two paint brushes may find odd jobs a lot easier with a unique brush cleaning liquid introduced by Elgin Plastic Products Company, 4011 W. Harrison St., Chicago. According to the company, a brush freshly out of black paint can be dipped into "Brush Flush," wiped off, and then used with any new color without streaking. The cleaner can also be used with a paint roller and is said to preserve as well as clean.

Ball Pen Renovator

Of some 138,000,000 ball point pens manufactured, reports are that almost 90 per cent are in disuse. Now the Fischer Pen Company, 3658 N. Broadway, Chicago, has introduced a ball pen "replacement kit" which it says will rejuvenate 40 nationally distributed brands. The kit includes a new point, ink, ink feed and an ink trap and, according to the company, requires no special knowledge to use.

Hydraulic Lift Trucks

The Buda Company, Harvey, Ill., has expanded its line of hydraulic lift trucks to include shop mules, fork lift trucks and industrial tractors. The new models give Buda a complete line for the first time in the materials handling field.

Midget Sander

Sterling Tool Products Company, 1340 Milwaukee Ave., Chicago, has introduced a new electric sander, weighing only 4¾ pounds and

measuring 4x9x3 inches. The "Century Portable" uses one-third of a standard sheet of sandpaper, although several sheets can be loaded at one time. The sanding paper travels in an orbit at 5,000 r.p.m.

"Cold" Aluminum Solder

"Cold" aluminum solders, designed especially for repairing auto bodies, have been developed by several manufacturers in cooperation with Reynolds Metals Company, Louisville, Ky. The solders are made of powdered aluminum and require no heat, and with successive applications can be built up to one-inch thicknesses. About the consistency of plastic wood, the solders will not damage adjacent painted surfaces.

Simplified Sash Painter

That tiresome Spring job of painting window sash may be made simpler with a new sash painter introduced by the Tru-Way Products Company, Grosse Pointe Woods, Mich. The roller sash painter incorporates a floating guard which, according to the company, enables one to paint an average-size window in only nine minutes and keep the glass clean.

Pump-Protector

A new frostproof hydrant which avoids wintertime pump-priming has been developed by the Crane Company, 836 S. Michigan Ave., Chicago. The new hydrant involves a rubber tube within the pipe casing that goes well below the frost line. When a control valve below the frost line is opened, water pressure surges upward, breaking up and flushing accumulated ice.

Quick Fabric "Ripper"

The Gilman Engineering and Manufacturing Company, Janesville, Wis., has begun production on a new sewing-machine attachment, called a "ripper," which removes machine-sewn seams in fabric in a fraction of the time required with scissors or razor blade. The secret lies in the fact that the weave is spread and, as a result, machine-sewn seams become taut and are cut while the rest of the fabric remains undamaged. Afterwards,

he seam needs merely to be pulled apart.

Specialized Sunglasses

Both nearsighted and farsighted people usually have trouble with sunglasses, the problem being that when lenses are ground thin in one section white light unavoidably filters through. Now the American Optical Company, Southbridge, Mass., has developed new light-absorbing green lenses which uniformly absorb glare and troublesome invisible rays despite varying lens thickness. The new two-section lens is made by fusing a thin piece of green absorbing glass to a piece of conventional spectacle glass.

Remote-Control Thermometer

If you have difficulty taking temperature readings in such hard-to-reach places as tanks and grain bins, you may find use for a new type thermometer, introduced by Weston Electrical Instrument Company, Newark 5, N. J. It involves resistor bulbs which can be inserted in isolated places for readings which show up on a connected meter some distance away. With several bulbs, a series of readings can be taken simultaneously with one meter.

Trends In Finance and Business

(Continued from page 10)

found that high grade personnel, both technical and non-technical, continue in strong demand.

« « » »

There is evidence from many sources that the growing number of jobless people is stepping up the efficiency and productivity of those who do have work. No matter how secure a person's own job may seem, the upswing in general unemployment appears to be having a salutary influence upon everyone's output. In a spot-check survey of employers, the WALL STREET JOURNAL has found that wage earners are turning in a better day's work in coal mines, steel mills, auto plants and a variety of manufacturing establishments. Employers give several explanations: some are weeding out inefficient workers, others are screening job applicants more carefully, others feel the recent wave

ex-ceed (ek-sed'), v. t. & i. to go beyond, to surpass, to exceed. Syn. outdo, outstrip, overtop, surpass, exceed. ex-ceed-ing (ek-sed-ing), adj. chair, remarkably, excessively, excellently. ex-cel (ek-sel'), v. t. & i. to raise up, to surpass, to exceed. Syn. outdo, outstrip, overtop, surpass, exceed. ex-cel-lence (ek-sel-lens), n. good quality, excellence, a title of honor of certain high officials, governors, etc. generally with the article 'the'. ex-cel-lent (ek-sel-lent'), adj. highly, very, excellent.

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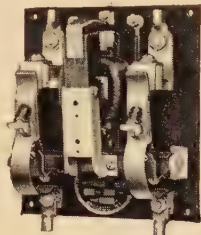
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A Cleveland executive summed up the latter opinion: "Reports of layoffs and cutbacks in other industries and a decline in job opportunities have had a sobering effect on our workers. Now they're more appreciative of their jobs."

« « » »

Life Companies' turn in interest 1948 Investment rates is reflected Return Moved Up

In a report of the Institute of Life Insurance that the net rate of interest realized on invested life insurance funds rose last year for the first time in two decades. The 1948 rate was 2.96 per cent compared with a low of 2.88 per cent in the previous year. The high rate was five per cent in 1929.

The institute attributes this trend

reversal partly to the increase in interest rates and partly to the fact that insurance companies have been selecting investment channels that have produced higher returns. "These two factors were both operative, though to a lesser extent in 1947," the institute declares, "but the decline continued that year because of the time required for the full impact of investment changes to affect the net earning rate. As the investment redistribution and the rise in interest rates both continued through 1948, they may be expected to have a further effect on the earning rate this year."

In the past 20 years, the institute notes, the prolonged decline in earning rates has forced life companies to adjust downward the interest rate guaranteed in new policies for the accumulation of reserves.

"Both-Ways-At Once" Policy

(Continued from page 14)

gas industry than industry plans now call for. It points out also that iron ore mining will require substantial investment in the near future, thanks to the depletion of the high grade Mesabi ore. These, of course, are only samples of the goals the council hopes industry, labor, farmers and the government can agree upon.

Does this add up to a "planned economy"? The council answers, "No" — emphatically.

"In the jagged manner which is typical of the progress of social policy in this country," the council once declared, "we shall move in developing our own peculiar pattern of business and government activity in a mixed economy which is neither a planned society nor a system of laissez faire."

The Employment Act, says the council, is designed "to permit co-operative attention to those problems which an individual or group cannot solve alone . . . and therefore to permit, where the people approve, those kinds of government activity which may influence or even control some types of economic activity so long as they do not transform the essential character of the economy."

The proposed Stabilization Act of 1949 is in line with this reasoning

It declares the intent of Congress to be "improved opportunity for consultation between government and industry, labor, and agriculture." It is to be utilized, the text declares, when necessary to supplement the efforts of private groups to promote maximum stability.

Title II is not the only administration approach to the private investment problem. The council, for example, is enthusiastic over the urban redevelopment section of the new public housing bill. It is intrigued by what it calls "the extraordinary leverage effect" of relatively small public outlays for redevelopment as a means of stimulating private employment of men, money and materials.

Meanwhile, the council is not neglecting time-honored stabilization and anti-depression measures. The Federal Reserve Board is prepared to do its part by easing credit restrictions and making funds more readily available.

In any business decline, the council figures, the federal budget can be made to exert an anti-deflationary influence. It will also seek to have future tax cuts strike a balance between maintaining adequate consumer markets and providing needed capital for business investment.

The council favors, when necessary, the liberalization of unemployment and old age insurance, disability and health insurance, larger public assistance, farm price supports, and a minimum wage. These "built-in" flexibilities, the council believes, place a cushion under buying power.

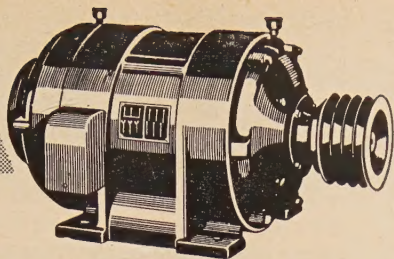
However, these devices, at best, are designed to do no more than let the economy down gently. The benefits received will not match the money people would have earned; hence, they will be of limited value only. Most were designed to deal with a prewar \$100,000,000,000 economy, not the better than \$250,000,000,000 economy we have now. The truth of this was apparent last January when wages and salaries fell at the annual rate of \$1,600,000,000 and unemployment compensation payments rose at a rate of only \$400,000,000.

Payroll Tax Lever?

There is some feeling in Washington that more flexibility should be written into the social security program. It has been suggested that Congress should feel free to slash payroll taxes if a downturn starts. The big advantage of this proposal, according to its proponents, is that the government could change its fiscal position almost immediately. It would be much like a tax cut without the protracted hearings that preceded tax law changes.

As for public works, the council believes they can offset business fluctuations only if other measures hold the fluctuations within bounds. To expect more than moderate help from public works is unrealistic. Construction figures confirm this. The construction industry is expected to put \$18,250,000,000 worth of new work in place this year. Of this, public jobs will account for \$5,000,000,000, private building for the rest. To offset a 50 per cent drop in private building, the country would need \$11,600,000,000 of public construction, more than twice as much as the expected 1949 volume. And this would just offset the drop in private work and do nothing for the rest of the economy.

There are other problems too. It takes six to 24 months to get a public project under way when



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Lorenz, Geo. M. Steel Co.		41
Manufacturers Art Service		44
Marsh & McLennan, Inc.		28
Metropolitan Electrical Supply Co.		47
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National Pesticide Co.		47
Office Furniture Clearing House		47
Peabody Coal Co.		25
Peoples Gas Light & Coke Co.		11
Pedersen's Protective Patrol		47
Personnel Laboratory, The		35
Phipps Industrial Land Trust		34
Press, Jacob Sons, Inc.		40
Prudential Insurance Company		10
Red Star Inn		42
Rehnquist, T. A. & Co.		36
Robertson & Co.		39
Rock Island Lines		33
Sheridan, L. J. & Co.		35
Sievert Electric Co., Inc.		45
Snow, Fred A. & Co.		35
Spak & Natovich, Inc.		40
Tri-Par Sound Systems		41
United Air Lines		2
Van Vlissingen, J. H. & Co.		34
Walker-Jimieson, Inc.		10
Western Electric Co.		9
Wilson, J. H. Supply Co.		47
Zenith Electric Co.		44

once authorized, but currently only \$4,500,000,000 worth of these projects has been blueprinted by federal, state and local governments — less than one year of public construction at present rates.

What's more, major federal projects take years to complete and don't use the huge numbers of workers on the site at one time that their cost would suggest. The dams, reclamation, irrigation, flood control and similar jobs that account for most federal construction are often in isolated areas, far from the big cities where unemployment problem occurs.

Federal planners, consequently, are showing increasing interest in local projects. Aware of the willingness of local communities to go ahead with public works in good times and of the financial problems these communities face in bad times, federal experts are beginning to favor a sliding scale of federal aid aimed at encouraging local governments to postpone public projects until a dip comes. This scale would call for the federal government paying, say, 10 per cent of the cost in boom times, perhaps 40 per cent in a bust.

Blueprint Backlog

The Federal Works Agency wants Congress to reinstitute its power to lend local governments money to blueprint public works in advance and it has asked \$40,000,000 to buy sites and blueprint the structures that will go on them. The blueprints would cover only \$450,-

000,000 of new construction but FWA believes this is a step in the right direction.

The FWA, however, can't make full use of its strongest argument — the need for a backlog of blueprints against the day when it may be necessary to start construction in a hurry. The reason is that the administration is reluctant to endorse any idea implying that a depression is imminent.

If Depression Comes . . .

Leon Keyserling, vice chairman of the economic council, said recently that he doesn't want to discuss depression planning. The President's number two economist normally makes much of the importance of having the council's ideas widely disseminated, discussed and understood.

"In our domestic economy," he told a business group last Fall, "another major depression would bring untold human suffering, and losses of staggering billions of dollars. At the very least, it would incite more government intervention in the economy than any of us here would like to contemplate. At its worst, it could shake to the foundations both our form of enterprise and our form of government."

This suggests that all groups in the country have a legitimate, if not urgent, concern about what the government plans to do. After all, no economy can be expected to remain poised on a peak of prosperity forever.



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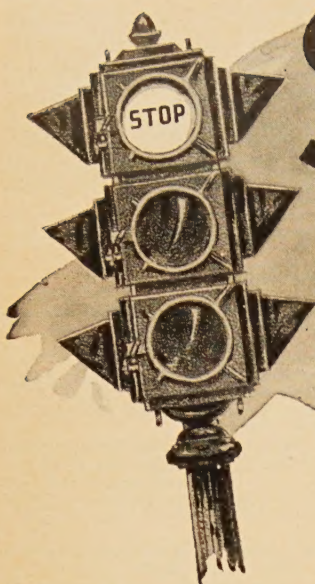
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STOP ME-IF—

The colored minister's sermon was eloquent and Aunt Becky down in the third row was punctuating it with a frequent "Amen!" as he exoriated every kind of sin from murder to craphooting.

Then, the minister moved on to the sin of dipping snuff, at which point Aunt Becky sniffed audibly.

"Dah now," she whispered indignantly to her neighbor, "he done stopped preachin' an' gone to meddlin'."

The lady and her dog boarded a train for a cross-country trip. When the conductor approached her, she said, "I presume, sir, that since I have purchased a first-class ticket for my Cuddles that she'll be permitted to ride in a seat just like other passengers."

"Yes, madam," replied the conductor, "she'll be permitted to ride in a seat, providing, of course, she doesn't put her feet on the upholstery."

When visitors came, Sonny, age 5, took them to see the pigs in their electric fence enclosure, explaining, "When the piggies back into the 'lectric fence there'll be a short circus."

Recently a number of letters were sent out to a selected list of men asking how to hold a wife. The first answer received was from a penitentiary. It stated briefly: "I found the best way was around the neck, but it shouldn't be overdone. Please note chance of address."

College freshman: "Quick, get me a shovel. George is stuck in the mud up to his shoelaces."

Senior: "His shoelaces? Why doesn't he just talk out, then?"

Freshman: "Stop arguing. He went in head first."

Little Butch was going to have a party. His mother insisted that he invite a neighbor's boy with whom he had had an argument. He finally promised to do so, but on the day of the party the neighbor's boy failed to turn up. Butch's mother became suspicious. "Did you invite Johnny?" she asked.

"Of course I did, Mother," Butch replied, "I not only invited him to come, I dared him."

Two men somewhat under the influence of liquor were driving their car on a broad highway. Suddenly with a terrific jolt they hit a telephone pole.

"What'sa matter?" asked Joe, of the driver. "Didn't you see the telephone pole?"

"Why, yes," responded his companion, rubbing his eyes to shake the fog. "Yes, I saw it all right, but I thought you were driving."

Sign in church: "Women of this church have cast off clothing of all kinds. Come and see them in the church basement any time this week."

Doctor: "I can't quite diagnose your case. I think it must be drink."

Patient: "That's aw' right, doc. I'll come back when you're sober."

The teacher was testing the power of observation of a class. Slapping a half-dollar on the desk, she said sharply: "What is that?"

Instantly a voice from the back row called: "Tails!"

A woman never really makes a fool of a man. She just directs the performance.

A Hollywood producer was planning a radio interview with a well-known woman commentator. Naturally, as is customary on such occasions, he was loading the dice in his favor by simply dictating the script to one of his own writers.

As the great man planned it, the interviewer was supposed to say: "... is the world's master showman. His understanding of human nature is profound, his appeal unparalleled, his popular appeal has no equal..."

At this point the producer had the grace to pause, and modestly inquire: "Do you think, maybe, that sounds a little too strong?"

"Well, maybe a little," the writer tremulously agreed.

"Then," said the great man, "after she says that, you have me say, 'Lady, you embarrass me!'"

Mother: "You were a very tidy boy not to throw your orange peel on the floor of the bus. Where did you put it?"

Johnny: "In the pocket of the man next to me."

It's impossible for a woman to run as fast as a man but she can think faster and that's how she catches him.

A woman tourist in Florida was admiring an Indian's necklace.

"What are those things?" she asked.

"Alligator teeth, ma'am," replied the Indian.

"Oh, I see. I suppose they have the same value for your people that pearls do for us."

"Not quite," he answered gravely. "Anybody can open an oyster."

Our tastes change as we mature. Little girls like painted dolls; little boys like soldiers. When they grow up, girls like the soldiers and the boys go for the painted dolls.



"This one has a rather novel feature. It allows you to decide which gear you want to drive in — then shift to it yourself!"